

BOOK KEEPING

Every business involves exchange of goods or services. There are three types of business.

- I. **Manufacturers-** Buy raw material, convert them into final products and sell them at a profit.
- II. **Traders-** buy goods for selling them at a profit.
- III. **Services Providers-** In some kinds of business services are given to customers.

Thus every businessman deals with others. These dealings are called Business Transactions.

What is Book – Keeping?

Book – Keeping is an art of recording, classifying and summarizing the business transactions and events of a business in a set of books and drawing conclusions from them.

Thus, Book – Keeping means recording transactions under proper heads of accounts in a summarized form.

Objects of Book – keeping:

The objectives of Book – Keeping are

- I. To ascertain the profit or loss in the business in a given period,
- II. To ascertain the amount of Capital, Assets and Liabilities of business at any date.
- III. To know the amount of Debtors and Creditors.

Terms Used in Book – Keeping:

Assets: These are properties owned by a business including the amounts due to him or receivable from others.

E.g. Cash in hand, Cash at bank, Stock of Goods, Furniture and Fixture, Plant & Machinery, Land and Building, Motor Cars, Goodwill, the amount of debtors etc.

Liabilities: These are the amounts owed by a person or payable to others.

E.g. Creditors, Loans, Bank overdraft, etc.

Capital: The capital of a person at any date is the excess of his assets over his liabilities on that date. It is the amount owned by him. If a person starts business with Rs. 10,000/- which includes Rs. 2,000/- borrowed from others, then his capital is Rs. 8,000/-. The following equation is very important.

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

Debtors: A Debtor is the customer to whom goods are sold on credit. The amount due from his is called Debt. A debt which is fully recoverable is called Good Debt. A debt which is irrecoverable is called Bad Debt. A debt which is of doubtful recovery is Doubtful Debt. Debtors are assets

Creditors: The supplier from whom goods are purchased on credit is called Creditor. Creditors are liabilities.

Accounts and Their Kinds

An account is a systematic and summarized record of transactions related to one person or firm or one kind of property or one expense or gain. All accounts are kept in the Ledger on separate pages.

Debit and Credit: Every account of the ledger is vertically divided by means of a line into two parts. The left hand side is called Debit side and right hand side is called Credit side. Hence 'to debit' on account means to enter a transaction on left hand side of the account and 'to credit' an account means to enter a transaction on right hand side of the account

Types of Accounts:The accounts of a ledger can be classified into two groups (1) Personal Account (2) Impersonal Account. Impersonal accounts are further divided into real and nominal.

Real Account:These are the accounts of Assets. Ex. Cash A/c, Goods A/c., Machinery A/c., Furniture A/c.

Personal Accounts:There are the accounts of persons or firms, organizations with whom a trader deals. Ex. Bank Account, Account of customers, Accounts of suppliers.

Nominal Accounts: These are the account of expenses and income, gains and losses. Ex. Salaries account, Wages account, Rent account, Commission account.

Double Entry System of Book – Keeping:

Every business involves exchange and every transaction has two aspects. Whenever we give something, we receive something else in return. A complete record of both the aspects of a business transaction can be kept only by recording the transaction in two accounts. This method of writing every transaction in two accounts is called Double Entry System of Book – Keeping. One account is always debited while the other one is credited with an equal amount.

Rules of Debit and Credit:-

- Real Accounts : Debit what comes in
: Credit what goes out
- Personal Accounts : Debit the Receiver
: Credit the Giver
- Nominal Accounts : Debit all expenses or losses
: Credit all incomes or gains

JOURNAL

Journal means a 'daily record'. Journal is a book of 'original entry' or 'primary entry'. Every transaction is first recorded in the Journal from which it is posted into the Ledger.

Form of Journal

| Date | Particulars | L.F. | Dr. Amount | Cr. Amount |
|------|-------------|------|------------|------------|
| | | | | |

Sample Example

- 1) Started business with Cash 25,000/- Furniture 25,000/- Computers Rs. 1,50,000/-
- 2) Purchase goods for Cash Rs. 10,000/-
- 3) Sold goods for Cash Rs. 12,000/-
- 4) Purchased stationery from Royal Systems on Credit Rs. 2,000/-
- 5) Sold goods to Vivek Computers on Credit Rs. 7,000/-
- 6) Purchased Computer for cash Rs. 20,000/-
- 7) Opened account in Bank of Maharashtra Rs. 50,000
- 8) Taken loan from Akola Urban Bank Rs. 50,000/-
- 9) Purchased goods on Credit from Bhagwati Info. Rs. 10,000/-
- 10) Sold goods to Jayant on credit Rs. 15,000/-
- 11) Received Bills receivable from Jayant Rs. 15,000/-
- 12) Issued bills payable to Bhagwati info. Rs. 10,000
- 13) Returned goods to Royal Systems Rs. 1000
- 14) Received goods returned by Vivek Computers Rs. 2000/-
- 15) Withdrawn from Bank of Maharashtra Rs. 2000/-
- 16) Paid Commission Rs. 5000/- Rent Rs. 3000/- in Cash
- 17) Received Salary Rs. 10,000/-
- 18) Paid Electric Bill by Cheque Rs. 800/- of Bank of Maharashtra

IN THE BOOKS OF DATAMATE COMPUTER CENTRE

JOURNAL

| Date | Particulars | Amount | Amount |
|-------------|--|------------------------------|---------------|
| 1) | By Cash A/c By Furniture A/c By Computer A/c To Capital A/c | 25,000 25,000 1,50,000 | 2,00,000 |
| 2) | By good A/c To Cash A/c | 10,000 | 10,000 |
| 3) | By Cash A/c To good A/c | 12,000 | 12,000 |
| 4) | By Stationery A/c To Royal System A/c | 2,000 | 2,000 |
| 5) | By Vivek Computer A/c To Stationery A/c | 7,000 | 7,000 |
| 6) | By Computer A/c To Cash A/c | 20,000 | 20,000 |
| 7) | By Bank of Maharashtra A/c To Cash A/c | 5,000 | 5,000 |
| 8) | By Cash A/c To Akola Urban Bank A/c | 50,000 | 50,000 |
| 9) | By good A/c To Bhagwati info. Sys A/c | 10,000 | 10,000 |
| 10) | By Jayant A/c To gods A/c | 15,000 | 15,000 |
| 11) | By bills receivable A/c To Jayant A/c | 15,000 | 15,000 |
| 12) | By Bhagwati info. Sys A/c To Bills payable A/c | 10,000 | 10,000 |
| 13) | By Royal System A/c To Purchase Return A/c | 1,000 | 1000 |
| 14) | By goods (sale Return) A/c To Vivek Computer A/c | 2,000 | 2,000 |
| 15) | By Cash A/c To Bank of Maharashtra A/c | 2,000 | 2,000 |
| 16) | By Commission A/c By Rent A/c To Cash A/c | 5,000 3,000 | 8,000 |
| 17) | By Cash A/c To Salary A/c | 10,000 | 10,000 |
| 18) | By Electric Bill A/c To Bank Of Maharashtra A/c | 8,000 | 8,000 |

LEDGER

The ledger is a principal book of accounts. It is to this book that all transactions are ultimately transferred from Journal. The ledger contains an account of every Asset, Liability, Debtors and Creditors and every head of expenses and gain. The first few pages of the ledger are used as an index. Then each page of the ledger bears a serial number. Every account is opened separately on each page. The account is divided into two parts. The left hand side is called debit side and right hand side is called credit side.

FORM

Dr.Cr.

| Date | Particular | Amount | Date | Particular | Amount |
|------|------------|--------|------|------------|--------|
| | | | | | |

Balancing an Account:

The difference between the two totals (Debit and Credit) of an account is called the "Balance" of that account. At regular periodic intervals (daily, - monthly, quarterly, etc.) the two side of the account are added and balance i.e. difference is found. The balance entered on the side having smaller total as 'Balance carried down'. The totals are the entered in to two columns.

If the total of debit side is more than total of credit side, this is called 'Debit Balance the total of credit side is more, it is called credit balance of that account. Balance is the written (below the totals) at the commencement of next period as 'Balance brought down on the opposite side.

Balances of Various Accounts

Real Accounts:

The debit balance of a real account shown an asset i.e. the value of asset on hand, the credit Balance shows liability.

Personal Accounts:

The debit balance of a personal account means the person is our debtor for the amount. The credit balance means that he is our creditor.

Nominal Accounts:

The debit balance of a nominal account represents expense or Loss. The credit balance represents gain or income.

TRIAL BALANCE

A trial Balance is a statement showing the list of debit and credit balances standing in the ledger of a trader at any date. It is prepared at the end of financial year before preparing final accounts.

- I. The fundamental principle of double entry book keeping is that for every debit there must be a corresponding credit. When an account is balanced, equal debits and credits are cancelled against each other, and the difference is called balance. Hence the list of all debit balances and credit balances in the ledger must be equal. Thus the total of debit and credit balances in the trial balance must be equal which shows that the books of accounts are arithmetically correct..It contains summary of entire ledger. The balance of any account can be found at one glance.

Form of Trial Balance

| Particulars | Ledger Folio | Debit Balance | Credit Balance |
|-------------|--------------|---------------|----------------|
| | | | |

FINAL ACCOUNTS

The Final Accounts are prepared at the end of year. They consist of (1) Profit & Loss Account. (2) Balance Sheet.

The profit and Loss Account is divided into two parts.

➤ **Trading Account :**

Showing gross profit or gross loss on trading i.e. on purchases and sales of goods. It is prepared to ascertain the result of buying and selling of goods. It is a part of Profit and Loss Account.

The debit side of a trading account, shows:

- Opening Stock goods
- Purchases less purchase Returns
- Direct expenses incurred on manufacturing or purchase of goods such as carriage inward, import duty, Factory Lighting, wages etc.

The Credit side of Trading account consist of

- Sales less sales returns
- Closing stock of goods

At the end of financial year, it is necessary to prepare a 'Stock Inventory' showing the unsold goods on hand and their value. Unsold goods i.e. closing stock should be valued at cost or market price whichever is less. If the trading account has debit balance, it is gross loss which is carried down to profit & Loss A/c. and it has credit balance, it is gross profit which is carried down to profit & Loss A/c

➤ **Profit and Loss Account :**

Showing net profit or net loss after taking into account the expenses of running the business. It should be noted that trading account is not an independent account but it is a part of Profit & Loss account.

After the gross profit or loss is ascertained from trading account a profit and Loss Account is prepared to find net profit or net loss during the period. The gross profit shown by Trading Account is shown on credit side of Profit and Loss Account as a first item while if there is gross loss it is shown on debit side of Profit and Loss Account. It is debited with all indirect expenses such as Salaries, Rent, Advertisement, Printing & Stationery etc.

It is credited with items of gain such as interest received, rent and discount received, commission earned etc. The balance of this account is either net profit or net loss. If the credit total is heavier it is net profit and if debit total is heavier, there is net loss. Profit and loss Account is

closed by transfer of net profit or loss to the capital account of traders. Net profit would add to the capital of a trader while net loss would reduce it.

➤ **Balance Sheet**

A Balance sheet may be defined as a statement prepared to reflect the correct financial position of a business on a certain date. It is based on the following equation.

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

It shows the assets, liabilities of the business and the capital of proprietor. The balance sheet is vertically divided into two parts. The left hand side shows capital and Liabilities. The right hand side shows assets and Properties. A Balance sheet shows how the capital of the proprietor stands invested in various assets. It also shows the opening balance of capital account, the net profit or loss made in the business, the drawings of proprietor and the – closing balance of capital account.

In the Books of -----
Trading A/c
 For the year ended -----

| Particular | Amount | Particular | Amount |
|----------------------------------|--------|----------------------------|--------|
| To Opening Stock | | By sale | |
| To Purchases | | Less Sales Returns | |
| Less Purchase Return | | (Return Inwards) | |
| (Return Outward) | | By closing stock | |
| <u>To Direct Expenses</u> | | | |
| Carriage Inward | | | |
| Import Duty | | | |
| Factory Wages | | | |
| Factory Rent | | | |
| Factory Insurance | | | |
| Motive Power | | | |
| Oil, Gas, Water | | | |
| Octroi | | | |
| Royalty | | | |
| Freight | | | |
| Dock charges | | | |
| To Gross Profit | | By Gross Loss | |
| (Transferred to p & LA/c) | | (Transferee! To P& L A/c.) | |

Profit & Loss Account

| | | | |
|--|--|--|--|
| To Gross Loss B/D <u>To Indirect Expenses</u> Salaries Travelling Expenses Printing & Stationery Godown Rent Advertisement Office Rent Discount allowed Office Insurance Godown Insurance Export Duty Post & Telegram Interest paid Legal Charges | | By Gross Profit B/D <u>By Indirect Income</u> Commission received Discount Received Interest Received | |
|--|--|--|--|

| | | | |
|---|--|---|--|
| Audit Fees Sundry Expenses Repairs & Maintenance Carriage Outward Packing Expenses Telephone Expenses General Expenses Bank Charges Electric Expenses Miscellaneous Expenses <u>To Losses :</u> Bad Debt. Interest on capital Loss by fire Depreciation To Net Profit (Transferred to Capital) | | | |
| | | By Net Loss (Transferred to Capital) | |

In the Books of -----

BALANCE SHEET

As on -----

| Capital & Liabilities | Amount | Assets | Amount |
|--|--------|---|--------|
| Capital + Interest On Capital - Drawings + Interest On drawings + Net Profit - Net Loss Reserve & Funds Reserve Fund General Reserve Provident Fund Bad debt Reserve Depreciation Fund Loans Secured Loan Unsecured Loan Current Liabilities Bank Overdraft Sundry Creditors Bills Payable Outstanding Expenses Income Received in advance | | Fixed Assets Plant & Machinery Land & Building Premises Furniture Fixtures & Fittings Loose Tools Vehicles Good will Patents Loans and Advances Investments Current Assets Cash in Hand Cash At Bank Sundry Debtors Bills Receivable Closing stock Outstanding Income Pre-paid Expense | |

FINAL ACCOUNTS – ADJUSTMENTS

It is necessary to make sure that the profit and loss account includes all expenses of the year under consideration, whether paid or not, and all income of the year whether received or not. Similarly expenses for the previous or the following year but paid during current year must be excluded from profit and loss account. The same holds true for income. Then there are also invisible losses such as depreciation, interest on capital etc. which should be taken into consideration. Thus the scrutiny of all such expenses or gains is to be done before they are transferred to profit and loss account some adjustments are to be made by passing an adjusting entry.

| Particular | Effect on Trading & P & L Account | Effect on Balance sheet |
|--|--|----------------------------------|
| 1) Outstanding Expenses | Add in the expenses | Liability |
| 2) Prepaid Expenses | Deduct from expenses | Asset |
| 3) Income received in advance (Accrued income) | Deduct from income | Liability |
| 4) Outstanding income (income earned but not received) | Add in the income | Asset |
| 5) Depreciation | P & L A/c Debit Side | Deduct from Fixed Asset |
| 6) Bad Debt. | P & L Debit side | Deduct from sundry Debtors |
| 7) Stock destroyed by fire | Trading A/c | |
| a) Insurance Co. admitted Claim for full amount | Credit Side | Current Asset |
| b) Insurance Co. rejected Claim for part amount | Trading A/c | |
| c) Insurance Co. admitted Claim for part amount. | Credit side and P & L A/c Debit side | Current Asset for admitted claim |
| 8) Goods withdrawn by partners | Trading A/c Credit side | |
| 9) Goods distributed as free samples | Full amount P & L A/c. side | Add in drawings |
| 10) Closing Stock | Actual loss. | ---- |
| | Deduct From purchase | |
| | Deduct from purchase & P & L A/c. Debit side | |
| | Trading A/c. Credit side | Current Asset. |

PRACTICE EXAMPLES

Example 1

Q. 1: The Balance Sheet as on 31st Mar. 96 is given below:

| Capital & Liabilities | Amount | Assets | Amount |
|--|-----------|---------------------------------|-----------|
| CAPITAL ACCOUNT | | Computer & Machinery | |
| S.S. Sharma | | OP. Balance | 106818.75 |
| Opening Balance | 42,200.40 | Add. During Year | 26300.00 |
| + Profit during year | 61347.06 | | ----- |
| | ----- | | 133118.75 |
| | 103547.46 | Less: Depr. (25%) | 33280.00 |
| - Withdrawals | 8625.00 | | ----- |
| | ----- | | 99838.75 |
| | 94922.46 | Television. | |
| LOANS FROM FRIENDS & RESERVES | | 19000-00 | |
| +Loans From Pathak | 57000 | Less Depr (7.5%) | 1425.00 |
| + Loans From Chimote | 20000 | | ----- |
| | ----- | | 17575.00 |
| | 77000.00 | FURNITURE | |
| SECURED LOANS | | Op. Balance | |
| Janata Co-op. Bank Loan A/c | 30874.00 | 6390.00 | |
| | | Add. During year | 56690.00 |
| SUNDRY CREDITORS | | | ----- |
| Agerious Marketing | 144.75 | | 63000.00 |
| Gulab Stereo | 1130.00 | Less : Depr (10%) | 6300.00 |
| Prasar Madhyam | 88.00 | | ----- |
| Mehta & Co. | 11037.25 | | 56780.00 |
| | ----- | ELECTRIFICATION | 2400-00 |
| | 13000.00 | Books | |
| | | OP. Balance | 815.00 |
| | | Add. During year | 376.00 |
| | | | ----- |
| | | | 1191.00 |
| | | Dead Stock | 7029.00 |
| | | Telephone Deposits | 2000.00 |
| | | Share of AUB | 100.00 |
| | | ADVANCES | |
| | | Advance to Verma | 15021.00 |
| | | Advance to Joshi | 5000.00 |
| | | Advance Tax | 3000.00 |
| | | CLOSING BALANCE | |
| | | Cash | 1143.46 |
| | | Indian Bank (C) A/c | 780.00 |
| | | Indian Bank (S) A/c | 2785.10 |
| | | Akola Urban Co-Op.Bank (S) A/c | 1153.15 |
| Total: | 215796.46 | Total: | 215796.46 |

You have to enter following transaction through voucher entry as to prepare final accounts for the year ended 31st Mar. 97.

1. Received fees from students Rs. 10000
2. Deposited cash 5000 in IB (C) A/c.
3. Deposited cash 1000 in IB (C) A/c.
4. Paid Rs. 144-75 to Aquerious Marketing
5. Deposited 1000 into AUB (S) A/c.
6. Deposited 500 into AUB (S) A/c.
7. Janta Co-op. Bank Loan A/c. Charged Bank Charges Rs. 110
8. Deposited Cash Rs. 5000/- into Indian Bank (C) A/c.
9. Deposited cash Rs. 10,000 into Indian Bank (C) A/c.
10. Indian Bank Current A/c. Charged Bank charges Rs. 10
11. Deposited Rs 7000 in AUB For fixed period
12. Received fees from student Rs 18000
13. Received fees from students Rs 75000
14. Deposited cash Rs. 6000/- into Indian Bank (C) A/c.
15. Deposited Cash Rs. 6620/- into Indian Bank (C) A/c.
16. Borrowed Rs. 8000 cash from Gupta
17. Borrowed Rs. 15000 cash from Raje
18. Paid Rs. 1130 cash to Gulab Stereo
19. Purchase furniture of Rs. 2000 for cash
20. Paid Fees Rs. 7400 to MCED by cheque of Indian Bank current A/c.
21. Received fees Rs. 18000 from students
22. Deposited cash Rs. 10000 into Indian Bank (C) A/c.
23. Purchased Machinery of Rs. 75000 From Expert Marketing.
24. Issued cheque of I.B. (C) A/c. to Expert Marketing of Rs. 10000
25. Deposited cash Rs. 5000 into Indian Bank (C) A/c.
26. Paid guest lecture Exp. 5000 by Cheque of IB (C) A/c.
27. Deposited cash Rs. 5000 into Indian Bank (C) A/c.
28. Deposited cash Rs. 2000 into Indian Bank (C) A/c.
29. Issued cheque of Rs. 445/- of Akola Urban (S) A/c. for Insurance payment.
30. Interest Rs. 1468/- was charged on janta co-op. Bank Loan A/c.
31. Received interest Rs. 100 on Indian Bank (S) A/c.
32. Received interest Rs. 445 on Indian Bank (S) A/c.
33. Withdraw Rs. 10000 from Indian Bank (C) A/c. for personal Use.
34. Interest Rs. 1387 was charged on janta co-op. Bank Loan A/c.
35. Received Interest Rs. 150 on Akola Urban Bank (S) A/c.
36. Paid RS. 1838/- cash for interior decoration expenses.
37. Deposited Rs. 2000/- into Janta co-op. Bank Loan A/c.
38. Deposited Rs. 1500/- into Janta Bank Loan A/c. by cheque of Indian Bank (S) A/c.
39. Paid legal fees Rs. 3000/-
40. Paid Rs. 4000/- to Pathak by cheque of Indian Bank (C) A/c.
41. Paid Rs. 5000/- to Chimote by cheque of Indian bank (C) A/c.
42. Paid cash Rs. 5000/- to Mehta & Co.
43. Fees from student Rs. 7000/-
44. Deposited Rs. 6000/- into Indian Bank (C) A/c.
45. Paid annual office rent Rs. 12000/-
46. Deposited Rs. 2833/- cash into PPF
47. Paid to Prasar Madhyam Rs. 688/- by cheque of Indian Bank (C) A/c.
48. Paid Rs. 2000/- For printing & Stationery by cheque of Indian Bank (C) A/c.
49. Issued a cheque of Indian Bank (C) A/c. of Rs. 1000/- for salary
50. Paid salary Rs. 1900/- cash. :

Example 2:-

Record the transactions through voucher entry in the tally so as to prepare final accounts.

Jan 1,92 Started business with cash Rs. 20,000

Jan 1,92 Borrowed Rs. 5000 from a friend.

Jan 3,92 Bought goods worth Rs. 2500 for cash.

Jan 3,92 Purchased goods from Roy & Sons for Rs. 3000.

Jan 5,92 Sold goods worth Rs. 1000 for cash

Feb 5,92 Sold goods to Advani for cash Rs. 800

Feb 10,92 Brought goods at public auctions Rs. 1000 for cash.

Feb 12,92 Returned goods worth Rs. 400 to Roy & Sons.

Feb 13,92 Advani returned us goods of Rs. 100 and we paid him in cash.

Feb 15,92 Paid Rent of building Rs. 500 to Malik

1 Mar,92 Bought 3% Government loan of Rs. 6000

Feb 5,92 Paid carriage Rs. 50 for goods dispatched to Advani.

Mar 15,92 Paid wages Rs. 300 from business to proprietor's domestic servant.

Mar 30,92 Sold private Motor car for Rs. 15000 and invested the proceeds in business.

Apr 1,92 Interest Rs. 15 was charged on Government loan.

Exam. 3:-

1 Apr,85 Started business with cash Rs. 5000, goods Rs. 7000, furniture Rs. 4000

2 Apr,85 Bought goods worth Rs. 5000 from Mehta and paid him Rs. 3000 on account.

4 Apr,85 Sold goods worth Rs. 10000 to Desai and he paid us Rs. 6000 on Account.

7 Apr,85 Exchanged old furniture of Rs. 5000 by receiving goods of Rs. 1000 & balance in cash.

15 Apr,85 Drew from business cash Rs. 700, goods Rs. 300

1 May,85 Received commission Rs. 200

15 May,85 Paid Salary Rs. 3000 and Rent Rs. 500

16 May,85 Paid Rs. 250 for advertisement

30 May,85 Returned goods of Rs. 500 to Mehta

1 June, 85 Purchased furniture worth Rs. 500 from Sharma

Exam. 4

1. Invested Rs. 50,000 cash into business
2. Loan of Rs. 50,000 was taken from SBI.
3. Purchased goods worth Rs. 15000 from white off 20% trade discount
4. Deposited Rs. 2500 into Maharashtra Bank saving A/c
5. Returned goods of Rs. 500 gross to white
6. Sold goods worth Rs. 5600 to black
7. Black returned damaged goods of Rs. 500
8. Paid Rs. 3000 less 5% cash discount to white
9. Received from black Rs. 5000
10. SBI charged interest Rs. 1875 on loan A/c
11. Received interest Rs, 175 on Maharashtra Bank (s) A/c
12. Deposited Rs. 5000 into SBI loan A/c
13. Bought goods for cash from brown Rs. 10,000 less 5% cash discount.

14. Received from Red Rs. 600 and allowed him discount Rs. 10
15. Paid carriage Rs. 150
16. Sold for cash to Green goods Rs. 3000 off. 10% T. D. and 2% C.D

Exam. 5

Journalize the following transactions in a books of Amar for January, 1992.

- Jan 1 Mr. Amar started the business of cash Rs. 25000
- Jan 2 Deposited Rs, 20000 into the bank Account
- Jan 3 Purchased furniture worth Rs, 7,000 from Parle furniture mart on credit
- Jan 4 Purchased goods worth Rs, 3,000 on credit from Ramesh
- Jan 5 Cash Sales Rs. 5600.
- Jan 6 Paid in full to Parle Furniture Mart in cash
- Jan 7 Paid electricity charges Rs. 325
- Jan 8 Received commission Rs. 568/-
- Jan 9 Sold goods worth Rs, 6400 on credit to Bharat
- Jan 10 Paid insurance premium for goods Rs. 150 by cheque.

Exam 6.

Journalize the following transactions in the books of Mr. Suresh for May 1992

1. Started Business with cash Rs. 10000
2. Purchased goods for cash Rs. 4000
3. Sold goods on credit to Abdulla Rs. 1250
4. Bought goods from Bhatia Rs. 6500
5. Bought Furniture from Akram Rs. 1000
6. Paid carriage on goods bought Rs. 150
7. Borrowed from Cooper at 6% interest Rs. 5000
8. Paid salary to clerk Rs. 750
9. Received commission from Bamji Rs. 200
10. Drew cash for personal use Rs. 500
11. Received from Abdulla Rs. 700
12. Paid to Akram Rs. 600

Exam. 7 Journalize the following transactions.

1. Goods purchased Rs. 3,000/-
2. Goods sold for cash Rs. 5,000/-
3. Furniture purchased from Sharma on Credit Rs. 1,000/-
4. Cash deposited in Bank Rs. 2,000/-
5. Luna Purchased from Khandelwal Rs. 12,000/- but cash paid Rs. 8,000/-
6. Salary paid Rs. 1,000/-
7. Commission Received Rs. 500/-
8. Rent paid to Joshi Rs. 700/-
9. Withdrawal from bank Rs. 1500/-
10. Fan purchased for Rs. 900/- and cheque issued.

Exam. 8

1. Goods purchased for cash Rs. 5,000/-
2. Goods purchased from Sathe Rs. 10,000/- less trade discount 10%
3. Goods sold to Gore for Rs. 4000/-
4. Salary paid to Pande Rs. 1,000/-

5. Commission received from Joshi Rs. 250/-
6. Motor Purchased from 'A' Co. Rs. 2,00,000/-
7. Cash withdraw from business Rs. 2,000/-
8. Deposited in Bank Rs. 10,000/-
9. Purchased new T.V. at Rs. 25,000 & old T.V. given in exchange of it for Rs. 15,000/- and balance paid in cash.

Exam. 9

- Jan. 1 Shyam commenced business with cash Rs. 50,000/-
- Jan. 2 Purchased furniture for Rs. 5,000/-
- Jan. 4 Purchased goods in cash Rs. 2,500/-
- Jan. 7 Bought goods on credit from M/s. Rajendra & Co. for Rs. 1000/-
- Jan. 10 Sold goods costing Rs. 5,000/- on cash
- Jan. 15 Purchased stationery for office use Rs. 600/-
- Jan. 19 Received cash Rs. 1,250/- from Kiran in full settlement of his a/c. Rs. 1,300/-
- Jan. 22 Paid salary by cheque Rs 500/-
- Jan. 28 Sold goods to Sharma for Rs. 5,000/-
- Jan.31 Deposited Rs. 4,000/- in to the bank.

Exam. 10:

Journalize the following transactions commenced.

- Feb.1 Mr. Varma commenced business with Cash Rs. 50,000/- and goods worth Rs. 20,000
- Feb. 4 Bought goods for Rs. 5,000/-
- Feb. 7 Sold goods for Rs. 10,000/-
- Feb. 9 Sold goods to Kishor on credit for Rs. 5,000/-
- Feb.16 Received Cash from Kishor Rs. 3,000/-
- Feb. 19 Kishor returned goods costing Rs. 3, 00/-
- Feb. 26 Paid Cash to Kishor Rs. 300/-
- Feb. 27 Furniture purchased Rs. 7,000/-
- Feb. 28 Cash sales Rs. 8,000/-
- Feb. 28 Personal Telephone Bill paid from business Rs. 300/-

Exam. 11: Journalize the following transactions in the books of Mr. Ram for the month of Jan. 95.

- Jan. 1 Started business with cash Rs. 15,000/-
- Jan. 2 Purchased goods worth & S. 10,000/-
- Jan. 4 Deposit cash Rs. 2,000/- in the bank.
- Jan. 6 Purchase goods Rs. 5,000/- from M/s. Shyam Trading Company.
- Jan. 9 Sold goods to Ramesh for Rs. 2,000/-
- Jan. 12 Paid to M/s. Shyam Trading Company Rs. 2000/-
- Jan. 15 Received Rs. 1,500/- from Ramesh
- Jan. 20 Paid salaries Rs. 500/- and paid commission Rs. 600/- in cash
- Jan. 25 Withdraw Rs. 500/- from business for personal use.
- Jan. 29 Withdraw Rs. 1000/- from bank for office use.

Exam. 12: Journalize the following transactions in the books of Mr. Yogesh for the month of May

- May 1 Purchased goods Rs. 5000/-
- May 2 Bought stationery Rs. 150/-
- May 4 Old newspapers sold Rs. 50/-
- May 8 Cash sales Rs. 6000/-
- May 10 Purchased Furniture for Rs. 1500/-
- May 14 Purchased typewriter on credit from Godrej company Ltd. Rs. 2500/-
- May 18 Purchased goods from M/s. United Trading co. Rs. 3000 @ 5% discount.
- May 22 Paid postage Rs. 10/- and telephone bill Rs. 125/-
- May 24 Paid godown rent Rs. 1000 in part payment.
- May 26 Paid M/s. United Trading Company Rs. 2,850 in full settlement.
- May 28 Paid salaries Rs. 500 to staff.
- May 29 Withdraw cash Rs. 700 for self-use.

Exam. 13: Journalize the following transactions 1995

- March 1 Mr. Kate started business with cash Rs. 5,000 Goods worth Rs. 10,000 Building Rs. 25000/-
- March 3 Purchased goods worth Rs. 5,000 less 10% trade discount from Mr. Sathe.
- March 4 Sold goods worth Rs. 9,000 to Lote
- March 5 Received cash Rs. 590 from Mr. Mate and allowed him discount of Rs. 10
- March 6 Paid Rs. 60 to Mr. Dethe after deducting Rs. 40 as discount
- March 7 Purchased goods worth Rs. 500
- March 8 Sold goods worth Rs. 600
- March 10 Received Rs. 575 from Mr. Ghate in full settlement of his account of Rs. 25

Exam. 14 Journalize the following transaction in the books of Anand Jan. 1993

1. Anand commenced business with Rs. 10,000 of his own and Rs. 5,000 borrowed from his friend Ratan.
2. Opened a current account in the Bank of India by depositing Rs. 3,000
3. Purchased goods of Rs. 2,000 from M/s. Kishor & Co. subject to trade discount 2%
4. Credit sales of Rs. 4000 to Kamat.
5. Cash sales of Rs. 2,000 to Shinde
6. Purchased of furniture costing Rs. 1,000 of which furniture of Rs. 200 was for residential quarters of Anand.
7. Received cash Rs. 1,980 from Kamat on A/c. and he was allowed cash discount Rs. 20
8. Cash purchases of Rs. 1,000 paid carriage Rs. 20
9. Withdraw from bank Rs. 2,000 for office use.
10. Returned goods of Rs. 60 to Kishor & Co.
11. Paid cash Rs. 900 to Kishor & Co. who allowed us discount Rs. 10
12. Received commission Rs. 100 from M/s. Shah & Sons
13. Goods sold to Kadam Rs. 500
14. Distributed goods of Rs. 50 as free samples.

15. Goods of Rs. 400 were used by Anand for his private purpose.
16. Paid Rs. 400 to Shashi on behalf of our creditor Kishor & co.
17. Received goods returned by Kadam Rs. 50
18. Anand brought in to business sale proceeds of his personal scooter Rs. 2,500
19. Invested Rs. 2,000 in the share of Engle co. Ltd.
20. Received Rs. 445 from Kadam in full settlement of his dues.
- 21.

Exam. 15

- Dec. 1 Deshpande invested cash Rs. 50,000 in business
- Dec. 3 Goods purchase for cash Rs. 15,000
- Dec. 5 Furniture purchase Rs. 8,000
- Dec. 10 Goods purchase from 'X' Rs. 12,000
- Dec. 12 Goods sold for cash Rs. 20,000
- Dec. 20 Goods sold to Y on credit Rs. 18,000
- Dec. 24 Cash paid to 'X' Rs. 4,900 and discount allowed by him Rs. 100
- Dec. 25 Cash received from Y Rs. 10,000 and discount allowed to him Rs. 500
- Dec. 30 Rent paid Rs. 1,000
- Dec. 30 Salary paid Rs. 500

Exam. 16:

- Jan. 1 *Madhuri started business with a capital of Rs. 40,000*
- Jan. 2 *Deposited in Bank Rs. 10,000*
- Jan. 3 *Furniture purchase from Amir Khan Rs. 5,000*
- Jan. 4 *Goods purchase for cash Rs. 10,000*
- Jan. 10 *Goods purchase for cash Rs. 12,000*
- Jan. 11 *Goods sold for cash Rs. 7000*
- Jan. 15 *Rent paid to Amrish Rs. 1,000*
- Jan. 20 *Salary paid by cheque Rs. 2,000*
- Jan. 25 *Cash paid to Amir Khan for full settlement of account Rs. 4,800*
- Jan. 26 *Cash received from Salman Khan Rs. 6,700 discount allowed to him Rs. 300*
- Jan. 28 *Commission received Rs. 300*

Exam. 17: Journalize the transactions and open ledger account. March 1996

- March 1 *Shankar started business with capital of Rs. 70,000*
- March 2 *Deposited in Bank Rs. 30,000*
- March 5 *Goods purchase from Parvati Rs. 10,000, less trade discount 5%*
- March 7 *Goods purchase for Cash Rs. 15000*
- March 10 *Goods sold to Nandi Rs. 14000*
- March 12 *Cash sale Rs. 9000*
- March 15 *Rent paid Rs. 2000*
- March 17 *Salary paid by Cheque Rs. 1000*
- March 18 *Cash received from Nandi Rs. 5800 and allowed discount Rs. 200*
- March 20 *Cheque given to Parvati Rs. 6500 and discount received from her Rs. 500*
- March 25 *Furniture purchase for Cash Rs. 4000*

Exam. 18: Journalize the transaction and open ledger accounts

- 1st Aug. *X started business with capital of Rs. 20,000*
- 3rd Aug. *Furniture purchase Rs. 3000*
- 5th Aug. *Goods purchase Rs. 7000*

- 8th Aug. Goods purchase from Pande on credit Rs. 5000
 12th Aug. Cash sales Rs. 10000
 15th Aug. Goods sold to Joshi on credit Rs. 10000
 20 Aug. Cash paid to Pande 2900 and discount allowed by him Rs. 100
 25 Aug. Cash received from Joshi Rs. 4000
 29 Aug. Commission received Rs. 1000
 31 Aug. Salary paid Rs. 2000

Exam. 19:

1. Received Rs. 25000 from Father-in-law as Gift and commenced the business with the same amount.
2. Deposit in Bank Rs. 10000
3. Furniture purchased from Sharma co. Rs. 3000
4. Goods purchased Rs. 5000
5. Goods sold Rs. 6000
6. Rent paid by Cheque Rs. 1000
7. Cheque received for Sales and deposited in Bank Rs. 4000
8. Cash withdraw for personal use Rs. 2000
9. Interest received Rs. 500.00

Exam. 20:

1. Ramhbarose bring capital Rs. 20000 and borrowed from Ramesh Rs. 10000
2. Goods purchased for cash Rs. 10000
3. Goods sold for Rs. 15000
4. Paid in bank 5000
5. Cheque received for commission from MR. Kale Rs. 500
6. Cheque issued to Ramesh Rs. 2950 and discount allowed by him Rs. 500
7. Cheque of Mr. Kale deposited in Bank.
8. Taxes paid Rs. 1000
9. Bank inform that Kale's cheque dishonored

Exam. 21: Prepare Final Accounts in the books of Rupali & Dipali

TRIAL BALANCE (30.6.81)

| Debit Balance | Amount | Credit Balance | Amount |
|------------------|--------|------------------|--------|
| Rupali's Drawing | 2000 | Rupali's Capital | 35000 |
| Dipali's Drawing | 3500 | Dipali's Capital | 25000 |
| Land & Building | 36000 | Sales | 92500 |
| Machinery | 18000 | Return Outward | 1300 |
| Salaries & Wages | 3700 | Bad Debt Reserve | 800 |
| Motor Car | 10500 | General Reserve | 3000 |
| Trade Expenses | 1900 | Creditors | 15000 |
| Carriage-Inward | 400 | Commission | 1500 |
| Royalties | 1800 | Bank Loan Taken | 8000 |
| Purchases | 45300 | | |
| Return Inward | 2500 | | |
| Debtors | 24600 | | |
| Discount | 1000 | | |
| Insurance | 1200 | | |
| Stock on 1-7-80 | 23800 | | |
| Advertisement | 3000 | | |
| Cash at Bank | 2900 | | |
| 182100 | | 182100 | |

Adjustment:

1. Outstanding Salary Rs.2000/-
2. Prepaid Insurance Rs. 200
3. Outstanding commission Rs. 500/-
4. Closing Stock Rs.25000/-
5. Depreciation on Machinery 10%

Exam. 22: From the following Trial Balance Prepare final A/c. for the year ended 31st December 82.

| PARTICULARS | AMOUNT | PARTICULARS | AMOUNT |
|------------------------|---------------|----------------------|---------------|
| Building | 30,000 | Sundry Creditors | 49000 |
| Debtors | 45000 | Reserve for Bad Debt | 1000 |
| Machinery | 25000 | Suresh's Capital | 20000 |
| Purchases | 48000 | Ramesh's Capital | 25000 |
| Opening Stock (1.1.82) | 25000 | Unpaid wages | 1000 |
| Wages | 23000 | Sales | 131000 |
| Carriage Outward | 1700 | Discount | 1300 |
| Carriage inward | 1300 | | |
| Office Expenses | 2550 | | |
| Bad Debts | 750 | | |
| Furniture | 3000 | | |
| Suresh's Drawing | 3000 | | |
| Ramesh's Drawing | 2000 | | |
| Cash at Bank | 4300 | | |
| Cash in Hand | 500 | | |
| Advertisement | 3000 | | |
| Insurance | 400 | | |
| Factory Expenses | 8000 | | |
| Royalty | 1800 | | |
| | 228300 | | 228300 |

Adjustment:

- 1) Closing Stock on 31st Dec. 82 was Rs. 18500/-
- 2) Goods worth Rs. 3000/- taken by Suresh for his personal use were not entered in books of a/c
- 3) Fire occurred in godown and goods worth Rs. 5000/- were destroyed but insurance company admitted the claim for Rs. 3500/-
- 4) Write off Rs. 1000 for bad debt and create bad debt reserve on debtors at 5%
- 5) Insurance is paid for the year ended 31st March, 83.
- 6) Charge depreciation 2.1/2% on building, 10% machinery and 15% of furniture

Exam. 23:-Mr. Suresh and Mr. Nitin were partners sharing profits and losses equally. The Trial Balance of there are as under: Prepare trading P&L A/c. for the year ended 31.12.81

| PARTICULARS | AMOUNT | PARTICULAR | AMOUNT |
|-----------------------|--------|----------------|--------|
| Opening Stock | 15000 | Suresh Capital | 40000 |
| Purchases | 45700 | Nitm Capital | 25000 |
| Wages | 9900 | Bills Payable | 6000 |
| Investments | 3500 | O/S Salaries | 1700 |
| Carriage Outward | 4600 | Sales | 80800 |
| Printing & Stationery | 3400 | Creditors | 12000 |
| Insurance | 750 | Bank Overdraft | 3000 |
| Salaries | 10000 | | |
| Postage and Telephone | 700 | | |
| Machinery | 28800 | | |
| Furniture | 8400 | | |
| Debtors | 25000 | | |
| Bill Receivable | 4000 | | |
| Cash at Bank | 6000 | | |

| | | |
|------------------|------|---------------|
| Advertisement | 1000 | |
| Bad Debt | 250 | |
| Carriage Inwards | 1500 | |
| 168500 | | 168500 |

Adjustments:

- 1) Closing stock was valued at Rs. 40,200
- 2) Goods of Rs. 4000 burnt by fire and Insurance Co. admitted the claim for Rs. 3200
- 3) Prepaid insurance was Rs. 200
- 4) Carriage Inward included Rs. 1000 for Transport charges and octroi on machinery purchased on 1.1.81.
- 5) Depreciate machinery by 10% and Furniture 15%.
- 6) O/s wages are Rs. 2100

Exam. 24:

Dulal and Raja are partners sharing profit and Losses equally. From the following Trial Balance. Prepared Trading A/c. P& L A/c. and B/S for the year ending 31.12.76.

TRIAL BALANCE

| PARTICULARS | AMOUNT | PARTICULAR | AMOUNT |
|--------------------------|---------------|----------------------------|---------------|
| Stock | 20000 | Dulal's Capital A/c. | 15000 |
| Purchases | 130200 | Raja Capital A/c. | 15000 |
| Sales Return | 500 | Dulal's Current A/c | 2000 |
| Dulal's Drawing | 3500 | Raja's Current A/c | 2000 |
| Wages | 6000 | Sales | 170500 |
| Debtors | 20000 | Purchase Return | 3200 |
| Royalties | 1000 | Commission | 300 |
| Furniture | 5000 | Provident Fund | 2000 |
| Machinery | 30000 | Int. on P.F. Investment | 200 |
| Advertisement for 4 yrs. | 4000 | Reserve for doubtful debts | 500 |
| Salary | 3000 | Creditors | 20000 |
| PF. Contribution | 500 | | |
| PF. Investment | 2000 | | |
| Insurance | 500 | | |
| Cash | 3000 | | |
| Raja's Drawing | 1500 | | |
| | 230700 | | 230700 |

Adjustment:

- 1) Closing Stock Rs. 25000/- Market Price Rs, 30000/-
- 2) Dulal has taken goods worth Rs. 500/- for his personal use.
- 3) Goods amounting Rs. 3000/- were sold dispatched 27.12.76, but no entry was made,
- 4) Prepaid insurance Rs. 100/-
- 5) Depreciate furniture by 15% machinery by 20%.
- 6) Write off bad debts Rs. 400 & Provide for reserve for doubtful debts at any debtors.
- 7) Dulal is entitled to a salary of Rs. 1500.
- 8) Both partners are entitled to interest on capital at 6% p.a.

Q.25 Prepare Final accounts from the following Trial balance of Anamika

**Trial balance
As on 31st March, 2001**

| Particulars | Debit (Rs) | Credit(Rs) |
|-------------------------------|------------|------------|
| Anamika's Drawing and Capital | 14,600 | 2,64,600 |
| Goodwill | 45,000 | |
| Premises | 1,15,000 | |

| | | |
|---|-----------------|-----------------|
| Machinery (Including Purchase of Rs. 35,000 on 30 Nov. 98 | 95,000 | |
| Vehicles | 1,08,000 | |
| Cash and bank balances | 10,300 | 14,500 |
| 10% Bank loan | | 20,000 |
| Interest on the bank loan | 1,700 | |
| Accounts receivable and Account payable | 47,800 | 32,500 |
| Stock on 1st April, 2000 | 21,000 | |
| Purchases and Purchase return | 3,08,900 | 8,900 |
| Sales return and Sales | 10,600 | 5,16,600 |
| Wages and salary | 22,500 | |
| Insurance up to 31st Aug. 2001 | 1,800 | |
| Advertisement | 8,000 | |
| Travelling expenses | 5,600 | |
| Sundry expenses | 2,400 | |
| Discount | 5,600 | 3,900 |
| Carriage | 9,300 | |
| Investment in 10% Debentures | 12,000 | |
| Interest on investment | | 900 |
| Postage and Telephone expenses | 6,800 | |
| Goods withdrawn by the owner | | 3,600 |
| Unloading charges | 5,100 | |
| Loading charges | 2,900 | |
| Bad debts | 4,800 | |
| Bad debt recovery | | 1,800 |
| Manufacturing expenses | 2,600 | |
| Total | 8,67,300 | 8,67,300 |

Adjustments:

- 1) Closing stock of goods represent cost Rs. 35,600 and market value Rs. 53,600
- 2) Depreciate building and machinery @ 5% p.a. and 12% p.a. respectively.
- 3) Wages and salary include Rs.5, 000 on account of installation charges on new machinery.
- 4) Create bad debt reserve @ 5% on debtors.

Q.26 From the information given below, you are required to prepare Manufacturing A/c, Trading A/c, P&L A/c , for the year ended 31st march,2003 and the Balance sheet as on that date:

**Trial Balance
As on 31st March 2003**

| Particulars | Debit(Rs) | Credit(RS) |
|-----------------------|-----------|------------|
| Opening Stock: | | |
| Raw materials | 60,000 | |
| Unfinished goods | 30,000 | |
| Finished goods | 80,000 | |
| Purchases: | | |
| Raw materials | 2,40,000 | |
| Finished goods | 1,60,000 | |

| | | |
|--------------------------------|------------------|------------------|
| Carriages on Purchases: | | |
| Raw materials | 3,000 | |
| Finished goods | 2,000 | |
| Productive wages | 70,000 | |
| Overhead/on-cost: | | |
| Factory | 36,000 | |
| Office | 72,000 | |
| Selling and distribution | 24,000 | |
| sale of finished goods | | 680000 |
| Capital | | 436600 |
| Plant and Machinery | 3,00,000 | |
| Cash at bank | 30,000 | |
| Sundry assets | 6,000 | |
| Cash in hand | 3,600 | |
| Total | 11,16,600 | 11,16,600 |

Additional information:

- 1) Closing stock : Raw materials Rs 20,000 Unfinished goods Rs 40,000, Finished goods Rs 1,10,000
- 2) Goods of RS 8,000 was distributed as free samples for which no entry was made in the accounts books.

Problem No 27

Create a company with the name 'Samarth Enterprises' and solve the given transactions in the books of Samarth Enterprises

TRANSCATIONS

| Sr. No | Date | Particulars |
|--------|------------|--|
| 1 | 01/04/2008 | Started business with Cash Rs. 50000, Furniture Rs.10000 & Building Rs.30000 |
| 2 | 02/04/2008 | Purchased goods from X for cash Rs. 20000 |
| 3 | 03/04/2008 | Sold good to Y for cash Rs. 24000 |
| 4 | 07/04/2008 | Purchase good from Nilesh Enterprises on credit Rs. 15000 |
| 5 | 08/04/2008 | Sold good to Nitin & Co. on credit Rs. 17000 |
| 6 | 10/04/2008 | Purchase Machinery for cash Rs. 15000 |
| 7 | 12/04/2008 | Open a bank account of Maharashtra with depositing Rs. 5000 |
| 8 | 15/04/2008 | Taken a loan from Canara Bank Rs. 30000 |
| 9 | 17/04/2008 | Purchase goods from Amit Enterprises on credit Rs. 6000 |
| 10 | 18/04/2008 | Sold good to Mandar Enterprises on credit Rs. 12000 |
| 11 | 22/04/2008 | Received bills receivables from mandar Enterprises Rs. 12000 |
| 12 | 22/04/2008 | Issued bills paybles to Amit Enterprises Rs. 6000 |
| 13 | 25/04/2008 | Returned goods to Nilesh Enterprises Rs. 1000 |
| 14 | 27/04/2008 | Received goods return by Nitin & Co. Rs. 2000 |

| | | |
|----|------------|--|
| 15 | 28/04/2008 | Withdrawn from Bank Rs. 2000 (Ch. No.000001) |
| 16 | 28/04/2008 | Paid salary Rs. 4000 & Wages Rs. 2000 in cash |
| 17 | 29/04/2008 | Received Commission Rs. 5000 in Cash |
| 18 | 30/04/2008 | Paid Electricity Charges to MSEDCL Rs. 2000 by cheque (Ch No 000002) |

Inventory Examples

Problem No 1

(In the books of Compsales Distributors)

- 01/4/2010 Purchase 100 floppy drives @Rs. 500/- each from Sony co. on credit & Stock kept at warehouse
- 02/4/2010 Transferred 50 floppy drive from warehouse to shop.
- 02/4/2010 Sold 50 floppy drives @Rs. 700/- each to Ram InfoTech from shop
- 3/4/2010 10 Floppy drives get defective. So it was return to Sony co. from warehouse.
- 04-4/2010 Transferred 3 monitors from warehouse to shop
- 04-4/2010 3 Monitors sold to Ram InfoTech @Rs. 6500 each on credit from shop
- 05/4/2010 7 defective floppy drives received back from Ram InfoTech. Stock kept at warehouse
- 06/4/2010 Defective 7 floppy drives return back to Sony co. from warehouse
- 08/4/2010 Received cheque of Rs. 25000 from Ram InfoTech
(Cheque No 31007, Bank Name:Canada Bank, Branch: Bibvewadi)
- 09/4/2010 Paid cheque to Sony co. Rs. 20000 from Vijaya Bank (Ch. No 10027)
- 09/4/2010 Transferred 5 keyboards from warehouse to shop
- 10/4/2010 5 Keyboards sold for cash Rs. 1000 each from shop
- 11/4/2010 Purchase 25 Mouse of Logitech co. from Sony co. @Rs. 300 each on credit. Stock kept at shop
- 12/4/2010 5 Mouse was returned to Sony co. because of defective
- 15/4/2010 20 Mouse sold to Ram InfoTech on credit @Rs. 450 each from shop
- 20/4/2010 Cheque of Rs. 10000 received from Ram InfoTech
(Cheque No 31015, Bank Name:Canada Bank, Branch: Bibvewadi)

| Last Year Balance Sheet | | | |
|-------------------------|--------------|---------------------|--------------|
| Liability | Amount | Assets | Amount |
| Capital A/c | 65500 | Cash In Hand | 15000 |
| | | Cash at vijaya Bank | 6500 |
| | | Closing Stock | 44000 |
| Total | 65500 | Total | 65500 |

Closing Stock:-

| Stock Item Name | Under Group | Opening Balance | | |
|-----------------|----------------------|-----------------|------|--------|
| | | Qty | Rate | Amount |
| 1) Keyboard | Computer Peripherals | 5 | 800 | 4000 |
| 2) Monitor | Computer Peripherals | 8 | 5000 | 40000 |

Problem No 2

(In the Books of M/s Dhanwantari Pvt. Ltd.)

- 1.04.14 Placed order for Purchasing 10 qty of Pachakvati Tablets (20mg) from EBC Ind. Ltd. (Order No. PO1). Order Placed from shop.
- 2.4.14 Received goods from EBC ind. Ltd. Against the purchase order PO1 Stock kept at Ship (Bill Not received)
- 2.04.14 Received sales order from Sapana Agency for 30 qty of Trisepta capsules (20mg) from shop
- 3.04.14 Delivered 30 qty of Trisepta capsules (20mh) from shop to Sapana Agency on credit. Bill is not sent
- 4.04.14 Placed order for Purchasing 100 bottles of Lukowin syrup (20ml Bottle) from kit Apple [PO No. P02]. Order placed from shop.
- 7.04.14 Received goods from Kit Apples against the purchase order no 2 stock kept at shop. Bill not yet received
- 8.4.10 Return 5 qty of pachakcati tablets (20mh) to EBC Ind. Ltd. Cause of defective from shop
- 9.04.14 Received all bills from EBC Ind. Ltd. 10.04.07. Received 10 qty of Trisepta capsules (20mg) return by Sapana Agency cause of defective
- 12.04.14 Send all bills to Sapana Agency
- 13.04.14 Paid Office expenses Rs. 1000 in cash
- 15.04.14 Sold 100 qty Pachakvati tables (40mg) to Saleel Agency from shop on credit
- 17.04.14 Transfer 175 qty of Coldwin capsules (40mg) from warehouse to shop
- 19.04.14 Paid cheque to EBC Ind. Ltd. In full settlement of his dues from Bank of Maharashtra (ch. No. 167893)
- 20.04.14 Received cheque from Sapana Agency in full settlement of his dues deposited in state Bank of India.
- 20.04.14 Stock taking done. 10 Quantities of Carmin (40ml) counted less at warehouse

Last Year Balance Sheet

| Liability | Amount | Assets | Amount |
|-------------------------|----------------|-----------------------|----------------|
| Capital A/c | 970525 | Fixed Asset | 338000 |
| Sundry Creditors | 680000 | (As per List "D") | |
| (As per List "A") | | Current Assets | 352775 |
| | | (As per List "C") | |
| | | Sundry Debtors | 959750 |
| | | (As per List "B") | |
| Total | 1650525 | Total | 1650525 |

| List "A" (Sundry Creditors) | | List "B" (Sundry Debtors) | |
|--|--------|----------------------------------|--------|
| BCP Enterprises (Bill No 41) | 175000 | Shruti Agency | 300000 |
| Kit appl. (Bill No 42) | 450000 | Saleel Enterprises | 30000 |
| EBC Ind. Ltd. (Bill No 43) | 55000 | Comtech Agency | 500 |
| | | Sahil Enterprises | 57500 |
| | | ABC Ltd | 3000 |
| | | Pravin Agency | 750 |
| | | Ashutosh Enterprises | 1000 |
| | | Darshan Agency | 3000 |
| | | Jain Ltd | 3000 |
| | | Mahalaxmi Agency | 1500 |
| | | Mahavir Ltd. | 171500 |
| | | Rani Enterprises | 75000 |
| | | Sapana Agency | 36000 |
| | | Balaji Enterprises | 15000 |
| | | Tulsi Dept. Stores | 262000 |
| List "C" Bank & Cash | | List "D" Fixed Assets | |
| State Bank of India | 2400 | Computer | 25000 |
| Bank of Maharashtra | 19000 | Furniture | 13000 |
| HDFC Bank | 90000 | Building | 300000 |
| Cash in Hand | 150000 | | |
| Closing Stock (As per List "E") | 91375 | | |

Stock Item Creation (Note: Rate given in the following table is the Purchase Rate of quantity. Selling Rate is 10 rs. Extra than purchase rate.)

List E

| Name | Under | Category | Units | Qty | Godown | Qty | Rate | Per | Amount |
|-------------------|--------------------------|----------|-------|-----|-----------|-----|------|-----|--------|
| Pachakvati (20mg) | Homecure Pharmaceuticals | Tablets | Qty | 150 | Warehouse | 100 | 20 | Qty | 2000 |
| | | | | | Shop | 50 | 20 | Qty | 1000 |
| Pachakvati (40mg) | Homecure Pharmaceuticals | Tablets | Qty | 600 | Warehouse | 200 | 30 | Qty | 6000 |
| | | | | | Shop | 400 | 30 | Qty | 12000 |
| Lukowin(20ml) | Homecure Pharmaceuticals | Syrup | Qty | 365 | Warehouse | 300 | 40 | Qty | 12000 |
| | | | | | Shop | 65 | 40 | Qty | 2600 |
| Carmin (40MI) | Homecure Pharmaceuticals | Syrup | Qty | 175 | Warehouse | 100 | 65 | Qty | 6500 |

| | | | | | | | | | |
|-----------------|---------------------|----------|-----|-----|-----------|-----|----|-----|-------|
| | | | | | Shop | 75 | 65 | Qty | 4875 |
| Trisepta (20mg) | Ved Pharmaceuticals | Capsules | Qty | 100 | Warehouse | 50 | 40 | Qty | 2000 |
| | | | | | Shop | 50 | 40 | Qty | 2000 |
| Coldwin (40mg) | Ved Pharmaceuticals | Capsules | Qty | 500 | Warehouse | 475 | 60 | Qty | 28500 |
| | | | | | Shop | 25 | 60 | Qty | 1500 |
| Pentacid (20ml) | Ved Pharmaceuticals | Drops | Qty | 200 | Warehouse | 105 | 32 | Qty | 3360 |
| | | | | | Shop | 95 | 32 | Qty | 3040 |
| Krumina (40ml) | Ved Pharmaceuticals | Drops | Qty | 50 | Warehouse | 20 | 80 | Qty | 1600 |
| | | | | | Shop | 30 | 80 | Qty | |

Problem No 3

- 2/4/2010 Send purchase order to Nirmitee Papers for 1000 Long Notebooks @Rs. 6/- each. Stock kept at warehouse.
- 3/4/2010 Received 1000 Long Notebooks from Nirmitee Papers against purchase order PO1. Bill not yet received.
Stock kept at warehouse.
- 5/4/2010 Received sales order to sell goods from Sameer Enterprises of 600 copies of Long Notebooks @Rs. 20/each.
- 6/4/2010 Delivered 600 copies @Rs. 20/- each of Long Notebooks to Sameer Enterprises. Bill not sends. Stock
To be sold from Warehouse.
- 7/4/2010 Send purchase order to Nirmitee Papers for 500 short Notebooks @Rs.10/- each from shop.
- 3/4/2010 Received 500 short Notebooks from Nirmitee Papers @Rs. 10/- each. Bill not yet received. Stock kept at shop.
- 9/4/2010 300 copies of Short Notebooks having some defective, so that was return to Nirmitee papers from shop.
- 10/4/2010 Received 200 copies of defective Long Notebook from Sameer Enterprises. Stock kept at warehouse
- 11/4/2010 Cash sales. Rs. 1800/- for 100 copies of Short Notebooks @Rs. 18/- form shop.
- 13/4/2010 All invoice (Bills) received from Nirmitee papers.
- 15/4/201 For all above transactions bills sent to Sameer Enterprises.
- 20/4/2010 Paid cash Rs. 8000/- to Nirmitee papers.
- 25/4/2010 Stock taking one. 10 copies of Long Notebooks and 5 of Short Notebooks counted less.

Inventory Information

Units of Measure : Qty (Quantity)
 Stock Item : 1) Long Notebooks 2) Short Notebooks
 Godown : 1) Warehouse 2) Shop

GST Examples

Problem No 1

(In the Books of Akshay Garments)

- 1) Started Business with cash Rs. 100000/-
- 2) Opened a Bank A/c in Axis Bank with depositing Rs. 50000/-
- 3) Purchase goods from M/s Shah & Sons on credit Rs. 10000/-
 - a) 30 Shirt @Rs. 150/- each
 - b) 20 T-Shirt @Rs. 100/- each
 - c) 10 jackets @Rs. 350/- each
- 4) Sold goods to M/s Kulkarni Enterprises on credit Rs. 12000/-
 - a) 20 Shirts @Rs. 250/- each
 - b) 15 T-shirt @Rs. 200/- each
 - c) 8 Jackets @Rs. 500/- each
- 5) Purchase Goods from M/s Mandar on credit Rs. 5000/-
 - a) 10 Trousers Rs. 500/- each
- 6) Sold Goods to M/s Sanjay on credit Rs. 7000/-
 - a) 8 Shirts @Rs. 250/- each
 - b) 5 T-Shirt @ Rs. 200/- each
 - c) 1 Jacket @Rs. 400/- each
 - d) 6 trousers @ Rs. 600/- each
- 7) Purchase goods from M/s Shah & Sons on Credit Rs. 10000/-
 - a) 20 Shirts @Rs. 150/- each
 - b) 20 T-Shirt @Rs. 100/- each
 - c) 10 Trousers @Rs. 500/- each
- 8) Sold goods to M/s Kulkarni Enterprises on Credit Rs. 15000/-
 - a) 22 Shirts @Rs. 250/- each
 - b) 15 T-Shirt @Rs.200/- each,
 - c) 10 Trousers @Rs. 600/- each
 - d) 1 Jackets @Rs. 500/-
- 9) Return goods to M/s Mandar Rs. 1000/-
 - a) 2 Trousers @Rs. 500/- each
- 10) Received goods Return by M/s Sanjay Rs. 2100
 - a) 2 Shirts @RS. 250/- each
 - b) 1 Jacket @Rs. 400/-each
 - c) 2 Trousers @Rs. 600/- each
- 11) Paid GST amount by cheque (Cheque No: 668799)

Note: Apply 12 % GST for all stock items

Problem No 2

(In the Books of M/s Sahil Enterprises)

- | | |
|------------|--|
| 01-04-2013 | Started business with cash Rs. 2,00,000 |
| 01-04-2013 | Open a bank account in Central Bank of India with depositing Rs. 100000 |
| 01-04-2013 | Purchase goods for cash 20,000 30 Keyboard @Rs. 300 each, 20 Mouse @Rs. 200 each, 10 Table @Rs. 700 each |
| 02-04-2013 | Sold goods for cash 24,000 20 Keyboard @Rs. 500 each, 15 Mouse @Rs. 400 each, 8 Table @Rs. 1000 each |
| 03-04-2013 | Purchase goods from Mohan on credit Rs. 10000 10 Chair @Rs. 1000 each |
| 03-04-2013 | Sold goods to Mahesh on credit Rs. 14,000 |

- 8 Keyboard @Rs. 500 each, 5 Mouse @Rs. 400 each, 1 Table @Rs. 800 each, 6 Chair @Rs. 1200 each
- 10-04-2013 Purchase goods from Sanjay on credit 20,000
20 Keyboard @Rs. 300 each, 20 mouse @Rs. 200 each, and 10 chair @Rs.1000 each
- 12-04-2013 Sold goods to Pravin on credit 30,000
22 keyboard @Rs. 500 each 15 Mouse @Rs. 400 each, 1 Table @Rs. 1000 each
10 Chair @Rs. 1200 each
- 2-04-2013 Return goods to Mohan Rs. 2000
2 Chair @Rs. 1000 each
- 3-04-2013 Received goods return by Mahesh Rs. 4200
2 keyboard @Rs. 500 each, 1 table @Rs. 800 each, 2 chair @Rs.1200 each
- 01.05.2013 Paid GST amount by cheque (cheque No. : 472101)

Note: - Charge 5% GST on all items

Problem No 3

(In the Books of SAM Furniture)

- 1-4-2008 Purchase goods from Ekbote Furniture on credit Rs. 19800/-
Steel Chairs 20 qty @Rs. 450/- each, Steel Tables 18 qty @ Rs. 600/- each
- 3-4-2008 Sold goods to Neelkamal Furniture on credit Rs. 26900/-
Steel Chairs 18 qty @ Rs. 550/- each, Steel tables 15@Rs. 800/- each, Plastic Chairs 10 qty @ Rs. 500/- each
- 5-4-2008 Purchase goods for cash of Rs. 21500/-
20 qty of Wood tables @RS. 300/- each, 22 qty of Wood chairs @RS. 250/- each, 4 Steel Kitchen trolleys @Rs. 2500/- each
- 10-4-2008 Sold goods for cash of Rs. 42000/-
20 Wood Tables @Rs. 500/- each, 20 Wood Chairs @Rs. 400/- each 8 Steel Kitchen Trolleys @ Rs. 3000/- each
- 13-4-2008 Paid cheque to Ekbote Furniture of Rs. 20592 /- (Cheque No. 455665)
- 16-4-2008 Received cheque from Neelkamal Furniture of Rs. 28401 /-
(Cheque No. 433125, Bank Name:Canada Bank, Branch: Shivaji Nagar)
- 20-4-2008 Purchase goods on credit Rs. 16600/- from Ekbote Furniture
6 Steel Kitchen Trolleys @Rs. 2100/- each, 20 Wood Chairs @Rs. 200/- each
- 22-4-2008 Sold goods to Raj furniture to Raj furniture on credit Rs. 18200
4 Steel Kitchen Trolleys @Rs. 3200/- each, 12 Wood Chairs @Rs. 450 /- each
- 26-4-2008 Returned goods to Ekbote Furniture of Rs. 6200
2 Steel kitchen trolleys @Rs. 2100/- each, 2 Steel Table @Rs. 600/- each, 4 Wood Chairs @Rs. 200/- each
- 28-4-2008 Received goods return from Raj Furniture of Rs. 4100/-
1 Steel Kitchen Trolleys of Rs. 3200/- each, 2 Wood Chairs @Rs. 450/-each,
- 29-4-2008 Received cheque of Rs. 14664/- from Raj Furniture
(Cheque No. 654243), BankName: Janseva Bank Branch: Shivaji Nagar)

- 30-4-2008 Paid cheque of Rs. 10816/- to Ekbote furniture (cheque No. 455666)
 1-5-2008 Paid GST amount by cheque through Bank of Maharashtra (Cheque No. 455666)

Last Year's Balance Sheet

| Liabilities | Amount | Assets | Amount |
|--------------|---------------|---------------------|---|
| Capital A/c | 121625 | Cash In Hand | 50000 |
| | | Bank of Maharashtra | 55000 |
| | | Closing Stock | 16625 |
| | | | 1)Steel Kitchen Trolley 5 Qty @Rs. 2500 each 2) Plastic Chairs 15 Qty @Rs. 275 each |
| Total | 121625 | Total | 121625 |

Note: Apply 5% GST for steel and Wood Items & 12% GST for Plastic items

Problem No 4

(In the Books of Saleel & Sons Pvt Ltd.)

- 01-4-2008 Sent Purchase order to Guru Electronic for 100 TV @ 10000/- each.
 Stock kept at warehouse after delivery
- 04-4-2008 Received 100 TV from Guru Electronics @ Rs. 10000/- each
 Bill not yet received. Stock kept at warehouse
- 4.4.2008 50 TV transferred from warehouse to shop.
- 05-4-2008 Received purchase order from Pooja electronics for 50 TV @Rs. 12000/- each TV to be sell from shop
- 07-4-2008 Sent 50 TV from shop @Rs. 12000/- each to Pooja Electronic. Bill not sent.
- 10-4-2008 Sent Purchase order to Guru Electronics for 50 washing machine @ Rs. 7000/- each.
 Stock Kept at Shop.
- 13-4-2008 Received 50 Washing Machines @ Rs. 7000/- each from Guru Electronics.
 Bill not yet received. Stock kept at shop.
- 15-4-2008 5 Washing Machines will having some defective so that was return to Guru Electronics from shop
- 17-4-2008 Received 10 defective TV returned by Pooja Electronics. Stock kept at shop.
- 20-4-2008 10 Defective TV transfer from ship to Warehouse
- 20-4-2008 Cash sales Rs. 20000/-(2 washing machine @ RS. 1000/- each)
- 21-4-2008 Send 10 defective TV returned back to Guru Electronic from Warehouse
- 22-4-2008 All Bills received from Guru Electronics
- 24-4-2008 All invoice (Bills) sent to Pooja Electronics.
- 24-4-2008 Sent back 2 TV from warehouse and 1 Washing Machine from shop to Guru Electronics.
- 25-4-2008 Received cheque of Rs. 300000/- from Pooja Electronics (cheque No. : 654897)
- 27-4-2008 Paid cheque Rs. 2, 88000/- to Guru Electronics (Ch. No. 65004)
- 28-4-2008 Stock taking done. 3 TV & 2 Washing Machine Counted Less.

| Last Year Balance Sheet | | | |
|---------------------------|--------|-------------------------|--------|
| Liability | Amount | Asset | Amount |
| Capital A/c. | 100000 | Cash | 20000 |
| Bills Payables A/c | 5000 | State Bank of India A/c | 80000 |
| Outstanding Expenses A/c. | 10000 | Bills Receivables A/c | 8000 |
| | | Prepaid Rent A/c | 7000 |
| Total | 115000 | Total | 115000 |

Note: Apply 12% GST to ALL items

Problem No 5

Create Company in Tally.ERP 9 with name "Vijay Distributors" and solve transactions for that company.

Transactions

| Date | Particulars |
|------------|---|
| 01/04/2010 | Started business with cash Rs. 200000/- |
| 02/04/2010 | Open a bank account in ICICI bank with depositing Rs. 50000/- |
| 03/04/2010 | Purchase good from " D Mart" on credit Rs. 4500/- 50 ltr. Sunflower Oil @Rs. 90/- for each ltr of Gemini |
| 04/04/2010 | Sold goods to Reliance Fresh on credit Rs. 3315/- 25.500 ltr. Sunflower Oil @Rs. 130/- each of Gemini |
| 05/04/2010 | Paid cheque of Rs. 4500/- to " D Mart" (Cheque No 505152) |
| 07/04/2010 | Purchase good from "Big Bazaar" on credit Rs. 11325/- 75.500 ltr. Groundnut Oil @Rs. 150/- for each ltr of Fortune |
| 08/04/2010 | Sold goods to More on credit Rs.7331.25/- 30.750 ltr. Groundnut Oil @Rs. 175/- for each ltr of Fortune 15 ltr. Sunflower Oil @Rs. 130/- for each ltr of Fortune |

Note: Apply 5% GST to ALL items