(ii)	Mohan To Salary A/c (Salary paid to Mohan)	Dr.	5,000	5,000
(iii)	Furniture A/c To Cash (Sofa-set purchased for the proprietor)	Dr.	12,000	12,000
(iv)	Purchase Return A/c To *X* (Goods returned to *X*)	Dr.	2,000	2,000
(v)	Insurance Premium A/c To Bank A/c (Insurance premium paid for next year)	Dr.	1,200	1,200
(vi)	Purchases A/c To Cash (Furniture purchased for Cash)	Dr.	8,000	8,000

[**Ans.** : (*i*) Interest Received A/c will be credited instead of Vikas.
(*ii*) Salary will be debited and Cash will be credited.
(*iii*) Drawing will be debited instead of Furniture.
(*iv*) Entry will be reversed.
(*v*) Prepaid Exp. will be debited instead of Insurance Premium.
(*vi*) Furniture will be debited instead of Purchases.]

PRACTICAL QUESTIONS

(Question Nos. 1 to 30 are strictly in the serial order of Illustrations)

Q. 1. Enter the following transactions in the Journal of Ved Prakash & Co. :–

2025		₹
Jan. 1	Ved Prakash started business with cash	5,00,000
2	Purchased furniture for cash	60,000
4	Purchased goods for cash	47,000
5	Bought goods from Nirmal	28,000
10	Paid cash to Nirmal	28,000
16	Purchased goods from Rakesh	12,500
18	Purchased goods from Rakesh for cash	15,000
20	Paid rent for the office	5,000

[**Ans.** Total ₹6,95,500.]

Q. 2. Enter the following transactions in the Journal of M/s Sushil & Sons :–

2025		₹
March 6	Sold goods for cash	50,000
8	Sold goods to Narayan	35,000
14	Received cash from Narayan	20,000
26	Received Commission	1,800

27	Paid Salary to Gopal	10,000
28	Received cash from Narayan	15,000
29	Withdrew cash from office for personal use	20,000
30	Wages paid	16,400
30	Bought Machinery for Cash	80,000

[Ans. Total ₹2,48,200.]

Q. 3. Enter the following transactions in the Journal of Junaid & Co. :

2025		₹
Feb. 1	Purchased goods from Muskan for Cash	30,000
3	Purchased goods from Atul	1,50,000
6	Returned goods to Atul	6,000
8	Paid cash to Atul	1,00,000
10	Sold goods to Charu	2,00,000
12	Charu returned 20% of goods	
15	Paid rent	8,500
20	Junaid withdrew for personal use	25,000

[Ans. Total ₹5,59,500.]

Q. 4. Enter the following transactions in the Journal of John Brothers :

2025		₹
March 3	Sold goods to Dev	2,50,000
5	Received from Dev in full settlement of his account	2,45,000
6	Sold goods to Manmohan	1,20,000
8	Manmohan returned goods	4,000
15	Received from Manmohan in full settlement of his account	1,15,200
16	Received cash from Ram	38,300
	and discount allowed	1,700
20	Paid cash to Pawan	11,600
	and discount received from him	400
25	Sold goods to Varun of the list price of ₹80,000 at 20% trade discount	

[Ans. Total ₹8,56,000.]

Q. 5. Pass Journal entries in the books of Rama Kant Enterprises from the following :

2025		₹
April 1	Commenced business with cash	3,00,000
2	Purchased goods from Subhash	60,000
4	Sold goods to Ramnath	40,000
6	Ramnath returned defective goods	2,000
10	Received cash from Ramnath and	37,400
	Discount allowed	600
12	Gopal sold goods to us	40,000

14	Paid to Gopal in full settlement of his account after deducting 5% discount.	
15	Paid Rent	
16	Paid Rent of Rama Kant's residence	15,000
18	Purchased goods *for cash* from Govind for ₹15,000 at 20% trade discount.	10,000
20	Purchased goods from Govind for ₹50,000 at 20% trade discount.	
24	Paid to Govind ₹38,800 in full settlement of his account.	
25	Paid to Subhash ₹19,200; discount received ₹800.	
30	Paid Wages ₹4,000; Salaries ₹20,000; Advertisement expenses ₹2,200 and Trade expenses ₹3,000.	

[**Ans.** Total ₹6,86,200.]

Hints : April 16 : Rent of Rama Kant's (*i.e.*, proprietor's) residence is treated as drawings.
April 24 : Discount will be ₹1,200.

Q. 6. Enter the following transactions in the Journal of Marutinandan Stores :

2025	
Jan. 10	Purchased goods from Ghanshyam of the list price of ₹80,000 at 20% trade discount.
13	Returned goods to Ghanshyam of the list price of ₹5,000.
15	Paid cash to Ghanshyam ₹57,500 in full settlement of his account.
20	Purchased goods from Raghu of the list price of ₹40,000 at 15% trade discount.
22	Returned goods to Raghu of the list price of ₹6,000.
25	Paid cash to Raghu ₹27,000 in full settlement of his account.

[**Ans.** Total ₹1,96,000. Cash discount on Jan. 15 ₹2,500 and on Jan. 25 ₹1,900.]

Q. 7. Pass Journal Entries for the following transactions :

2025	
Jan. 6	Sold goods to Muskan of the list price of ₹4,00,000 at trade discount of 20%.
8	Muskan returned goods of the list price of ₹10,000.
15	Received from Muskan the full payment under a cash discount of 4%.

[**Ans.** Total ₹6,40,000; Cash Discount ₹12,480.]

Q. 8. Give Journal Entries for the following transactions in the books of Raja Ram & Co.:

2025	
March 3	Bought goods for cash of the list price of ₹4,00,000 at 10% trade discount and $2\frac{1}{2}$% cash discount.
5	Sold goods for cash of the list price of ₹2,00,000 at 15% trade discount and 3% cash discount.
6	Sold goods to Nagpal of the list price of ₹1,00,000 at 20% trade discount.
8	Nagpal returned one-fourth of the above goods.
10	Nagpal settled the account by paying cash under a discount of 5%.

[**Ans.** Total ₹6,90,000; Cash Discount on March 3 ₹9,000; on March 5 ₹5,100 and on March 10 ₹3,000.]

Q. 9. Pass Journal entries in the books of Raghunath Bros. from the following transactions :—

2025	
June 1	Raghunath Bros. started business with cash ₹2,50,000; Goods ₹1,00,000 and furniture ₹60,000.
June 2	Sold goods to Nandlal of the list price of ₹20,000 at trade discount of 10%.
June 4	Nandlal returned goods of the list price of ₹4,000.
June 8	Received from Nandlal ₹14,150 in full settlement of his account.
June 10	Purchased goods from Brij Mohan of the list price of ₹10,000 at 15% trade discount.
June 13	Returned goods to Brij Mohan of the list price of ₹1,000.
June 16	Settled the account of Brij Mohan by paying cash, under a discount of 4%.
June 18	Purchased goods from Anil ₹5,000; Sunil ₹10,000.
June 19	Paid cash to Anil ₹1,900 and discount received ₹100.
June 20	Paid ₹9,800 to Sunil in full settlement of his account.
June 20	Bought a 'Computer' for ₹50,000 for the domestic use of Raghunath.
June 25	Sold goods for cash of the list price of ₹8,000 at 10% trade discount and 3% cash discount.
June 30	Paid Rent ₹20,000; Trade Expenses ₹12,000 and Travelling Expenses ₹6,200.

[**Ans.** Total ₹5,85,400.]

Hints : June 4 : Goods returned by Nandlal will be valued at ₹3,600.
June 8 : Discount allowed to Nandlal ₹250.
June 13 : Goods returned to Brij Mohan will be valued at ₹850.
June 16 : Paid to Brij Mohan ₹7,344; Discount Received ₹306.
June 20 : Purchase of Computer for domestic use will be treated as drawings.
June 25 : Sales ₹7,200; Cash received ₹6,984; Discount allowed ₹216.

Q. 10. Journalise the following transactions :

2025	
Feb. 3	Sold goods to Simran for ₹80,000 at 15% trade discount and 4% cash discount. Received 75% amount immediately through a cheque.
Feb. 11	Purchased goods from Ved for ₹60,000 at 10% trade discount and 5% cash discount. 60% amount paid by cheque immediately.

[**Ans.** Cash Discount on March 5th ₹2,040 and on March 10th ₹1,620.]

Q. 11. Pass journal entries for the following :

2025	
April 6	Purchased goods from Henry for ₹50,000 on 10% trade discount and 4% cash discount and paid 60% amount by cheque.
" 15	Bought goods from Amit for ₹2,00,000 at terms 5% cash discount and 20% trade discount. Paid 3/4th of the amount in cash at the time of purchase.
" 18	Sold goods to Sherpa at the list price of ₹50,000 less 20% trade discount and 4% cash discount if the payment is made within 7 days. 75% payment is received by cheque on April 23rd.
" 25	Sold goods to Garima for ₹1,00,000, allowed her 20% trade discount and 5% cash discount if the payment is made within 15 days. She paid 1/4th of the amount by cheque on May 5th and 60% of the remainder on May 15th in cash.

[**Ans.** Cash Discount on April 6th ₹1,080; On April 15th ₹6,000; on April 23rd ₹1,200; and on May 5th ₹1,000.]

Hint : It will be assumed that the cheque received is deposited into the Bank on the same day.

Q. 12. Journalise the following transactions in the books of Dixit & Sons. :

2025	
Jan. 3	Sold goods to Shubham of the list price of ₹75,000 for ₹70,000.
" 15	Purchased goods costing ₹2,00,000 from Mayank. Paid 75% immediately by cheque to avail 4% discount.
" 21	Sold goods to Vishal Traders costing ₹40,000 at 25% profit, allowing 10% trade discount and 10% cash discount. Received 80% payment immediately by cheque.
" 28	Sold goods to Brij & Co. costing ₹50,000 at 40% profit, allowing 10% trade discount and 5% cash discount. Brij & Co. paid the full amount by cheque and availed cash discount.

[**Ans.** Total ₹3,78,000; Cash Discount on Jan. 16 ₹6,000; Jan. 20 ₹3,600 and Jan. 26 ₹3,150.]

Q. 13. Journalise the following transactions :

2025		₹
May 1	Paid into bank for opening a Current Account	1,00,000
3	Goods sold for ₹80,000 and the amount was deposited into the bank	
7	Amount withdrawn from bank	30,000
10	Goods sold for Cash	42,000
12	Amount deposited into bank	25,000
14	Goods purchased and payment made by cheque	1,50,000

[**Ans.** Total ₹4,27,000.]

Q. 14. Journalise the following transactions :

		₹
April 2	Bought goods of the list price of ₹3,00,000 from Khanna Brothers less 15% trade discount and 2% cash discount and paid 40% price at the same time.	
5	Purchased goods from Suresh of the list price of ₹80,000 at 20% trade discount and paid him by cheque.	
8	Sold goods and received a cheque	25,000
10	Deposited the above cheque into Bank	
16	Paid Income Tax by Cheque	22,000
21	Withdrew from Bank—for office	40,000
	for private use	25,000
30	Bank allowed Interest	750
	Paid for Rent by cheque	30,000
	Paid for travelling expenses by cheque	15,000

Pass Journal entries for the above transactions.

[**Ans.** Total ₹5,01,750.]

Hints :

April 2	Cash paid ₹99,960; Cash discount ₹2,040.
April 8	Cash account will be debited and Sales account will be credited.
April 10	Bank account will be debited and Cash account will be credited.
April 16	Income Tax is the personal expenses of the proprietor, hence, will be treated as drawings.
April 30	Bank account will be debited and interest received account will be credited for the amount of interest.

Q. 15 (A). Following balances appeared in the books of Radhika Traders as on 1st April, 2026 :—

Assets : Cash ₹8,000; Cash at Bank ₹7,000; Stock ₹30,000; Debtors ₹36,000 (Mohan ₹10,000; Sohan ₹12,000; Dinesh ₹14,000); Furniture ₹5,000; Building ₹1,25,000.

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

In April, 2026, the following transactions took place :

		₹
April 3	Received a draft from Mohan in full settlement and deposited it into Bank	9,750
12	Sohan deposited in our Bank A/c	4,000
20	Received a cheque from Sohan and sent to Bank	7,800
	Discount allowed	200
23	Sent a cheque to *X* in full settlement of his A/c	4,900
27	Cheque of Sohan returned by the bank as dishonoured.	
28	Dinesh was declared insolvent and a payment of 60 paise in a ₹ received from his estate by a Cheque	

Pass Journal entries for the above transactions.

[**Ans.** Capital ₹2,00,000; Total ₹2,60,000.]

Hint : April 27 : Sohan will be debited from ₹8,000; Bank will be credited from ₹7,800 and Discount Allowed account will be credited from ₹200.

Q. 15 (B). Following was the position of Harish & Co. as on 1st April, 2023 :—

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

Following transactions took place during April, 2023 :—

April 2	Received a cheque from Ram in full settlement of his account after deducting 5% cash discount.
4	Deposited the above cheque into Bank.
5	Goods purchased for ₹20,000 at 10% trade discount and 5% cash discount. Payment made by cheque.
6	Received a cheque from Shyam for ₹3,860 and discount allowed to him ₹140. Cheque deposited into the bank on the same day.
10	Cash paid to Anil after deducting 2% cash discount.
15	Old furniture sold for ₹800.

16	Sold goods to Shiv Parshad of the list price of ₹10,000 at a trade discount of 15%
18	Shiv Parshad returned goods of the list price of ₹1,000.
20	Paid for furniture repairs to Bahadur Singh ₹100.
25	Received a cheque from Shiv Parshad after deducting 4% cash discount. Cheque was deposited into bank.
28	Bank charged ₹50 for 'Bank Charges'.

[Ans. Capital ₹9[illegible],800, Total ₹1,64,3[illegible]0.]

Hints

(1) On April 2, Cheques in Hand A/c will be debited.

(2) On April 4, Bank A/c will be debited and Cheques in Hand A/c will be credited.

(3) On April 20th, Repairs Account will be debited and Cash Account will be credited.

(4) On April 25th, Cash discount allowed to Shiv Parshad $7,650 \times \frac{4}{100} = ₹306$

(5) On April 28th, Bank Charges Account will be debited and Bank Account will be credited.

Q. 16. Pass Journal Entries for the following transactions :—

1.	Provide depreciation on Furniture costing ₹50,000 @ 10% and Machinery costing ₹3,00,000 @ 10%.
2.	Received cash ₹40,000 for bad-debts written off last year.
3.	Ajay Singh was declared bankrupt. He owed ₹18,000 to us. Nothing could be recovered from his estate.
4.	₹2,00,000 for wages and ₹37,500 for salaries are outstanding.
5.	Purchased furniture for ₹60,000 for the proprietor and paid the amount by cheque.
6.	Provide 8% interest on capital amounting to ₹20,00,000.
7.	Provide interest on drawings ₹8,000.

[Ans. Total ₹5,58,500.]

Q. 17. Pass journal entries for the following :

Nov. 5	Purchased goods for Cash ₹50,000 and spent ₹4,000 for their carriage.
" 10	Purchased machinery for Cash ₹3,00,000 and spent ₹20,000 for its carriage.
" 15	Paid by Cheque ₹2,00,000 for Cement, ₹1,00,000 for timber and ₹50,000 as wages for the construction of building.
" 17	Purchased an old machinery for ₹2,00,000 and spent ₹25,000 on its immediate repairs.
" 20	Paid ₹21,500 for repairing some other machinery.

[Ans. Total ₹9,70,500.]

Hints :

(*i*) (Nov. 15) Building A/c	Dr.	3,50,000	
To Bank A/c			3,50,000
(*ii*) (Nov. 17) Machinery A/c	Dr.	2,25,000	
To Cash A/c			2,25,000

(*iii*) (Nov. 20) Repairs A/c	Dr.	21,500	
To Cash A/c			21,500

Q. 18. Enter the following transactions in the Journal of Arun Govil & Co. :

2026

June 1 Arun Govil & Co. paid into bank as capital ₹6,00,000.

June 3 Purchased goods from Mukesh of the list price of ₹2,00,000 at 10% trade discount.

June 4 One-fourth of the above goods returned to Mukesh for not being upto specifications.

June 6 Issued a cheque to Mukesh for the amount due to him after deducting 2% as cash discount.

June 7 Withdrew from bank ₹2,50,000 for office use and ₹10,000 for personal use.

June 10 Purchased a machinery for ₹1,00,000 and spent ₹5,000 on its installation. Payment for machinery was made by cheque and installation expenses were paid in cash.

June 12 Sold goods for ₹1,00,000 to Amar.

June 13 Amar clears his account by giving a cheque of ₹98,500. Cheque is immediately sent to bank.

June 15 Purchased stationery for personal use ₹3,000 and for office use ₹5,000.

June 20 Purchased land for ₹2,00,000 and paid 1% as brokerage and ₹15,000 as registration charges on it. Entire payment is made by Cheque.

June 30 Wages due to labourers ₹20,000 and salary due to the clerk ₹30,000.

[**Ans.** Total ₹18,00,000.]

Hints : (*i*) On June 6, Cheque issued to Mukesh will be for ₹1,32,300.

(*ii*) On June 10, Machinery A/c will be debited by ₹1,05,000.

(*iii*) On June 20, Land A/c will be debited by ₹2,17,000.

Q. 19. Pass Journal entries for the following transactions :—

1. Received by cheque first and final payment of 60 paise in a ₹ from *Y* who owed us ₹20,000.
2. Sold goods to *Z* for ₹80,000 at a trade discount of 20%. Next day a cheque was received from him after deducting 5% cash discount. Cheque was immediately deposited into Bank.
3. Goods costing ₹40,000 sold to Manoj at a profit of 20% on cost less 10% trade discount.
4. Purchased machinery for ₹1,00,000 by cheque and carriage ₹2,000 and installation charges ₹1,000 paid in cash.
5. Purchased goods for ₹50,000 from Govind and sold it to Manohar for ₹65,000. Out of this Manohar returned goods worth ₹13,000, which in turn was returned to Govind.

(ISC 2024, Modified)

[**Ans.** Total ₹4,27,200.]

Hint : In item No. (4)

Machinery A/c	Dr.	1,03,000	
To Bank A/c			1,00,000
To Cash A/c			3,000

In item No. (5) Purchases returns will be valued at ₹10,000.

Q. 20. Journalise the following transactions :—

1. Goods for ₹1,20,000 were destroyed by fire.
2. Goods worth ₹18,000 were distributed as free samples and ₹20,000 were given away as charity in cash.
3. Goods worth ₹25,000 and cash ₹40,000 were taken away by the proprietor for his personal use.
4. Goods worth ₹20,000 and cash ₹5,000 were given away as charity.
5. Cash ₹1,00,000 were stolen from the Iron Safe of the trader.

[**Ans.** Total ₹3,48,000]

Q. 21. Journalise the following transactions :—

(*i*)	Sold goods to Brijesh of the list price of ₹40,000 at trade discount of 5%. Received full payment in cash.
(*ii*)	Goods given away as charity ₹5,000. (Sale Price ₹6,000)
(*iii*)	Charge interest on capital of ₹5,00,000 @ 6% p.a.
(*iv*)	Outstanding wages ₹20,000.
(*v*)	₹50,000 due from Sunny are now bad debts.
(*vi*)	₹1,00,000 cash sales (of goods costing ₹80,000).

[**Ans.** Total ₹2,43,000]

Q. 22. Prepare journal from the transactions given below :—

(*a*)	Proprietor withdrew for private use ₹50,000 from bank.
(*b*)	Goods costing ₹2,00,000 were burnt by fire.
(*c*)	Purchased machinery for cash ₹1,50,000 and paid ₹2,000 on its installation.
(*d*)	Charge 5% depreciation on building costing ₹2,00,000 and 8% depreciation on furniture costing ₹5,000.
(*e*)	Prepaid salary ₹10,000.
(*f*)	Kapil who owed us ₹30,000 becomes insolvent and nothing is received from his estate.

[**Ans.** Total ₹4,52,400]

Q. 23. Journalise the following transactions in the Journal of Navin Gupta & Sons.:—

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

[**Ans.** Total ₹7,05,000]

Hints :—

	In transaction No. 1,	Prepaid Insurance A/c will be debited and Insurance A/c will be Credited.
	In transaction No. 5,	entry will be passed for cash sales of ₹2,20,000.

In transaction No. 6, Office Equipment A/c will be debited by ₹2,50,000 and Computer A/c will be debited by ₹1,00,000.

Q. 24. Journalise the following transactions in the books of Kanishk Traders :

(*i*)	Sold goods costing ₹1,20,000 to Charu at a profit of $33\frac{1}{3}\%$ on cost *less* 15% Trade Discount.
(*ii*)	Sold goods costing ₹80,000 to Arun against cheque at a profit of 25% on cost *less* 15% Trade Discount.
(*iii*)	Paid by cheque ₹8,400 as insurance premium for a period of 12 months starting 1st August 2022. Financial year closes on 31st March every year.

[**Ans.** Total ₹2,32,200.]

Hints : In transaction (*i*) Sales will be credited by ₹1,36,000.
In transaction (*ii*) Sales will be credited by ₹85,000.
In transaction (*iii*) Prepaid Insurance ₹2,800.

Q. 25. Journalise the following :—

2026

March 4 Purchased building for ₹1,50,000 and incurred expenses of ₹10,000 on its purchase.

March 10 Satish who owed us ₹20,000 is declared insolvent and 60 paise per ₹ is received from his estate.

March 15 Paid ₹500 for repairing the office furniture.

March 18 Proprietor withdrew for his personal use cash ₹5,000 and goods worth ₹2,000.

March 20 Purchased the following items for business : Iron Safe ₹15,000; Filing Cabinet ₹5,000; Computer ₹12,000; Postage ₹200 and Stationery ₹150.

March 28 Paid electricity charges ₹1,600.

March 31 Charge depreciation on Machinery @ 10% for one year (Machinery ₹75,000).

March 31 Outstanding Wages at the end of the year ₹6,000.

[**Ans.** Total ₹2,34,950]

Hints : (*i*) On March 4th Building A/c will be debited by ₹1,60,000.
(*ii*) On March 15th; Repairs A/c will be debited.
(*iii*) On March 20th; Purchase of Iron Safe and filing cabinet will be debited to Office Equipment A/c and purchase of Computer will be debited to Computer A/c.

Q. 26. Journalise the following :

1.	Purchased goods for ₹25,000 for Cash and paid ₹200 for carriage on these goods.
2.	Purchased goods for ₹40,000 on Credit from Sudhir and paid ₹500 for carriage on these goods.
3.	Purchased machinery for ₹20,000 and spent ₹500 on its carriage and ₹300 on its installation.
4.	Purchased goods from Anil for ₹15,000.

5.	Sold $\frac{1}{3}$ rd of the above goods at a profit of 20% on cost.
6.	Goods costing ₹12,000 sold to Mr. *X*, issued invoice at 25% above cost less 10% trade discount.
7.	Provide 20% depreciation on furniture costing ₹10,000.
8.	Gave as charity — Cash ₹500 and Goods ₹2,000.

[**Ans.** Total ₹1,25,500]

Q. 27. Journalise the following :

(*i*)	Received ₹1,000 from sales of old newspapers and ₹5,000 from sales of old chairs
(*ii*)	Goods costing ₹7,000 given away as charity.
(*iii*)	Arun pays us ₹63,000 after getting 10% discount for prompt payment.
(*iv*)	Received Cash from a debtor written off as bad-debt last year ₹20,000.
(*v*)	Sold goods costing ₹50,000 to Ashok on credit at a profit of 20% on cost.
(*vi*)	Sold goods costing ₹1,00,000 for ₹1,40,000.
(*vii*)	Provide ₹50,000 as interest on Capital.
(*viii*)	Paid rent of building ₹60,000 by cheque. Half the building is used by the propriet for residential purpose.
(*ix*)	Outstanding salary at the end of the year ₹30,000.

[**Ans.** Total ₹4,43,000.]

Hints : In transaction (*iii*) Discount Allowed A/c will be debited from ₹7,000.

In transaction (*iv*) Cash A/c will be debited and Bad debts recovered A/c wil credited.

Q. 28. Journalise the following transactions :

2026	
April 1	Purchased goods for ₹1,00,000 from Manoj and availed discount of ₹10,000.
2	Paid amount due to Manoj by cheque and availed discount of ₹4,500.
5	Cash ₹5,000 paid to Desai and discount allowed by him ₹200.
10	Cash ₹10,000 received from Govardhan and allowed him discount ₹500.
12	Sold personal Car of the proprietor for ₹ 80,000 against cheque, which was deposited into the firm's bank account.
16	Sold personal Car of the proprietor for ₹1,50,000 against cheque, which was deposited into the proprietor's personal bank account.
20	Sold goods to Gaurav costing ₹1,00,000 at a profit of 40% and allowed him trade discount and paid for cartage ₹3,000 not to be charged from him.
24	Placed an order with Rudra & Co. for supply of goods of ₹80,000 and a chequ 40% amount is sent to them as an advance.

[**Ans.** Total ₹4,36,700.]

Hints : On April 1, Debit Purchases A/c and Credit Manoj by ₹90,000.

On April 5, Debit Desai by ₹5,200.

On April 10, Credit Govardhan by ₹10,500.

On April 16, No Entry.

On April 20, Debit Gaurav and Credit Sales A/c by ₹1,26,000.

Debit Carriage outwards and credit Cash A/c by ₹3,000.

Q. 29. Give the journal entries corresponding to the narration given below :—

S. No.	Particulars		L. F.	Amount Dr. ₹	Amount Cr. ₹
(i)		Dr.			
		Dr.			
	To				
	(Goods of the list price of ₹5,000 sold at 10% trade discount and 2% cash discount)				
(ii)					
	(The purchase of Motor Car for ₹80,000 and the payment of ₹5,000 as repair charges on it. Entire payment is made by cheque)				
(iii)	Chaturvedi	Dr.		5,000	
	To Cash A/c				
	To				
	(Chaturvedi's account settled, cash discount three percent)				
(iv)	Bank A/c	Dr.			
		Dr.			
	To				8,400
	(70 paise per rupee received from the estate of Ashok on his insolvency)				
(v)		Dr.		3,000	
	To				3,000
	(For goods used by proprietor for personal use)				
(vi)		Dr.		2,000	
	To				2,000
	(For Rent due to landlord)				

[**Ans.** (*i*) Cash will be debited by ₹4,410; Discount Allowed A/c will be debited by ₹90 and Sales will be credited by ₹4,500.

(*ii*) Motor Car will be debited and Bank A/c will be credited by ₹85,000.

(*iii*) Chaturvedi will be debited by ₹5,000; Cash will be credited by ₹4,850 and Discount Received A/c will be credited by ₹150.

(*iv*) Bank will be debited by ₹5,880; Bad debts will be debited by ₹2,520 and Ashok will be credited by ₹8,400.

(*v*) Drawings will be debited and Purchase will be credited.

(*vi*) Rent will be debited and Outstanding Rent will be credited.

Total ₹1,07,900.]

Q. 30. Rectify the following entries assuming that the narration in each case is correct :

Date	Particulars		L.F.	Amount Dr.	Amount Cr.
2026				₹	₹
May 4	Building A/c	Dr.		5,00,000	
	Brokerage A/c	Dr.		10,000	
	To Bank A/c				5,10,000
	(Purchase of building and payment of brokerage on its purchase)				
May 10	Drawings A/c	Dr.		12,000	
	To Sales A/c				12,000
	(Goods taken away by the proprietor for personal use)				
May 16	Filing Cabinet A/c	Dr.		4,000	
	Electric Fan A/c	Dr.		2,500	
	To Cash A/c				6,500
	(Purchase of filing cabinet and an electric fan)				
May 18	Cash A/c	Dr.		8,730	
	To Sales A/c				8,730
	(Goods worth ₹10,000 sold at 10% trade discount and 3% cash discount)				
May 20	Bank A/c	Dr.		10,000	
	To Naresh				10,000
	(Receipt of 25 paise per rupee from the estate of Naresh who is declared insolvent)				
May 31	Bank Charges A/c	Dr.		150	
	To Cash A/c				150
	(Charges made by bank for its services)				

[**Ans.**

May 4 Building will be debited and Bank will be credited by ₹5,10,000.

May 10 Drawings will be debited and Purchase will be credited by ₹12,000.

May 16 Office equipment will be debited instead of filing cabinet and Fixtures will be debited instead of electric fan.

May 18 Discount Allowed A/c will also be debited by ₹270 and Sales will be credited by ₹9,000 instead of ₹8,730.

May 20 Bad debts will also be debited by ₹30,000 and Naresh will be credited by ₹40,000 instead of ₹10,000.

May 31 Bank will be credited instead of Cash.

Total ₹5,77,650.]

SOME OTHER QUESTIONS

Q. 31. Journalise the following transactions :

(*a*) Goods destroyed by Fire for ₹8,000.

(*b*) Paid by cheque ₹22,000 as wages on installation of a Machinery.

(c) Issued a cheque in favour of M/s Parmatma Saran & Sons on account of purchase of goods ₹75,000.

(d) Goods sold costing ₹60,000 to M/s Kalu Sons at an invoice price 10% above cost less 5% Trade discount.

[Ans. Total ₹1,67,700]

Q. 32. Journalise the following transactions :—

		₹
1.	Charge depreciation on Machinery costing ₹4,00,000 @ 20%	
2.	Salary due to Office Clerks	1,50,000
3.	Received cash for Bad-Debts written off last year	20,000
4.	Purchased goods from Ashok & Co. for ₹40,000 at 20% Trade Discount. Half the payment was made in cash.	
5.	Issued cheque to Ashok & Co. in full settlement	15,500
6.	Paid Life Insurance Premium by cheque	12,000
7.	Proprietor used goods for household purposes	40,000
8.	Goods given free to a hospital out of business	20,000

[Ans. Total ₹3,70,000.]

Q. 33. Journalise the following transactions :—

2025		₹
July 1	Started business with cash	5,00,000
2	Purchased Machinery for cash	2,00,000
	Paid installation charges on machinery	20,000
5	Purchased goods from *X* of the list price of ₹1,00,000, Trade Discount 20% and cash discount 5%. Payment was made in cash immediately.	
10	Sold goods to *Y* costing ₹40,000 at 30% profit on cost less 10% trade discount.	
15	Paid Rent	20,000
20	Goods stolen from business	8,000
22	Gave as charity : Cash	5,100
	Goods	3,000
31	Purchased Stationery	4,000
31	Purchased a Computer for business	75,000

[Ans. Total ₹9,61,900.]

Q. 34. Journalise the following transactions :

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

8. Goods worth ₹50,000 were destroyed by fire.
9. Cash ₹5,000 and goods worth ₹20,000 were stolen by an employee.

[**Ans.** Total ₹5,72,500.]

Hints : In transaction 1, Motor Car A/c will be debited by ₹3,25,000.

Q. 35. Journalise the following transactions :

(*i*) Bought goods from Arun for ₹2,00,000 at a trade discount of 15% and cash discount of 2%. Paid 80% amount immediately.

(*ii*) Purchased goods for ₹20,000 from *X* and supplied it to *Y* for ₹26,000.

(*iii*) Cash withdrawn from bank ₹5,000 for personal use and ₹25,000 for office use.

(*iv*) Goods destroyed by fire : Cost Price ₹40,000.

(*v*) Provide 20% depreciation on machinery costing ₹50,000.

(*vi*) Out of insurance paid this year, ₹3,000 is related to next year.

(*vii*) Allow ₹5,000 as interest on capital and charge ₹1,000 as interest on drawings.

(*viii*) Sohan who owed us ₹25,000 was declared insolvent and a cheque of 40 paise in a ₹ is received from him in full settlement.

(*ix*) Paid Income Tax ₹10,000 by cheque.

(*x*) Salary paid ₹80,000 and Salary Outstanding ₹20,000.

[**Ans.** Total ₹4,40,000]

Hint : In transaction No. (*i*) Cash discount will be ₹2,720.

Q. 36. Journalise the following in the books of Vansh Enterprises :

2025		
May	1	Sold goods to Kuber costing ₹2,00,000 at 25% above cost less trade discount of 10% and cash discount of 5%. Kuber did not avail the cash discount.
	4	Received an order from Chakravarti for goods of ₹4,00,000 alongwith a cheque of 10% of the order as advance.
	8	Paid cash ₹8,000 to Dushyant and discount allowed by him ₹800.
	10	Goods stolen by an employee (Sale Price ₹20,000; Cost ₹15,000).
	15	Purchased stationery worth ₹8,000 for office use and ₹2,000 for personal use.
	20	Manoj pays us ₹5,400 after deducting 10% for prompt payment.
	28	Purchased a Machinery for ₹1,00,000 and the payment was made by issuing a cheque from Proprietor's saving bank account.

[**Ans.** Total ₹4,04,800.]

Hints : May 1, Debit Kuber and Credit Sales A/c by ₹2,25,000.
May 8, Debit Dushyant by ₹8,800.
May 10, Debit Loss by Theft by ₹15,000.
May 20, If amount received is ₹90, amount due = ₹100

$$\text{If amount received is ₹5,400 amount due} = \frac{100}{90} \times 5{,}400 = ₹6{,}000$$

Hence, Discount Allowed = ₹6,000 – ₹5,400 = ₹600

HIGHER ORDER THINKING SKILLS QUESTIONS

1. Why do the transactions are entered in a Journal rather than straight into ledger?
2. Is Capital Account a Personal or Real Account and why?

3. State one situation when Capital Account is Debited and one situation when Capital Account is Credited.
4. What does a Credit Balance in a Capital Account signify?
5. No account is opened in the name of the Proprietor in the books of the firm. Give reason.
6. 'If debts written off as bad are recovered subsequently it should be credited to Debtors Account'. Do you agree?
7. Ashok purchased goods from Delhi Traders for ₹2,00,000. As per the terms, if Ashok made full payment within 21 days, he will get cash discount at 2.5%. Ashok paid ₹1,50,000 within the stipulated time. How much discount will he get?
8. Ravi purchased on credit goods for ₹5,00,000 Less 20% Trade Discount. As per the terms, he can deduct 4% Cash Discount if he pays the full amount within 15 days. What amount he will have to pay to avail the Cash Discount?
9. Increase in an Asset Account is recorded on its debit side. Give reason.
10. Increase in a Liability Account is recorded on its credit side. Give reason.
11. Rent is paid by cheque. Which account will be credited and why?
12. What entry is passed when cheques received from the customers are not sent to bank on the same day.
13. A furniture of book value of ₹15,000 was sold for ₹6,000 and new furniture was purchased for ₹20,000. Furniture Account is debited with ₹..........
14. Proprietor of the firm has withdrawn goods for his personal use. The accountant has recorded it as sale in the books of accounts. Is he correct in doing so?

ANSWERS

1. Journal contains all important information relating to a transaction whereas ledger contains only the summary.
2. Capital Account is a Personal Account because it represents the Proprietor of the business who is a human being.
3. Capital Account is debited when there is a loss during the year and it is credited when there is a profit.
4. Credit Balance in Capital Account shows positive capital balance or the amount owed by the Firm to the Proprietor.
5. Proprietor is represented by Capital Account.
6. No. It should not be credited to Debtors Account because Debtors Account has already been credited while recording bad debts. It should now he treated as gain and be credited to 'Bad Debts Recovered A/c'.
7. He will not get any discount because he has not paid the full amount.

8.

	₹
Purchase Amount	5,00,000
Less : Trade Discount @ 20%	1,00,000
	4,00,000
Less : Cash Discount @ 4% on ₹4,00,000	16,000
Amount to be paid	3,84,000

9. Asset Account is a Real Account and thus the rule applicable is 'Debit what Comes in, Credit what Goes out'. Increase in Asset means that the Asset has come in. Hence, the Asset is debited.

10. Liability is a Personal Account and thus the rule applicable is 'Debit the receiver, Credit the giver'. Increase in Liability (suppose creditor) means that he has given goods or some other benefit. Hence Liability is credited.

11. Bank will be credited. Reason is that Bank is a Personal Account and the rule applicable is 'Credit the Giver'. Bank is the Giver on behalf of the firm.

12. Cheques in Hand A/c Dr.
    To Customer's Personal A/c

13. Furniture Acccount will be debited with ₹20,000. Amount related to sale of furniture will be Credited to Furniture Account.

14. No, the accountant is not correct. The goods taken by the Proprietor should be credited to Purchase instead of Sales Account because the goods taken for personal use are recorded at cost and not on sale price.

PROBLEMS BASED ON MISSING INFORMATION

PROBLEM : 1.

Fill in the missing information in the following journal entries :

JOURNAL

S. No.	*Particulars*	*L. F.*	*Amount Dr.*	*Amount Cr.*
			₹	₹
(*i*)	Dr.		—	
	To			—
	(Goods costing ₹2,00,000 destroyed by fire)			
(*ii*)	Gursharan Dr.		—	
	To			—
	To			2,400
	(Payment made by cheque and discount received at 4%)			
(*iii*)	Dr.		25,000	
	To			25,000
	(Salary outstanding at the end of the year)			

(iv)	... Dr.		—	
	To ...			—
	(Depreciation provided on Computers costing ₹1,50,000 @20% p.a.)			
(v)	... Dr.			
	To Bank A/c			—
	To ...			—
	(Goods of the list price of ₹40,000 purchased at 15% Trade Discount and 5% cash discount)			

PROBLEM : 2.

Fill in the missing information in the following journal entries :

JOURNAL

S. No.	Particulars	L. F.	Amount Dr. ₹	Amount Cr. ₹
(i)	... Dr.		25,000	
	To ...			25,000
	(Custom duty paid by cheque on import of a new machinery)			
(ii)	... Dr.		—	
	Abbas & Sons			—
	To ...			
	(Goods costing ₹50,000 sold above 10%; less 10% trade discount)			
(iii)	... Dr.		46,000	
	... Dr.		—	
	To ...			—
	(Cash received from Gaurav and discount allowed @8%)			
(iv)	... Dr.		—	
	To ...			—
	(Interest charged on capital of ₹20,00,000 @9% p.a.)			
(v)	... Dr.		—	
	To Bank A/c			—
	(Machinery purchased for ₹40,000 and spent ₹10,000 on its installation)			

PROBLEM : 3.

Fill in the missing information in the following journal entries :

JOURNAL

S. No.	Particulars	L. F.	Amount Dr. ₹	Amount Cr. ₹
(i)	... Dr.		—	

	To (Goods costing ₹10,000 sale price ₹12,000 withdrawn for personal use)			—
(ii)	Dr. Dr. To Vikas (Cheque received from Vikas and discount allowed at 5%)		— —	1,00,000
(iii)	Dr. To (Interest payable on Mrs. Kusum's Loan of ₹2,00,000 @15% p.a. for one month)		—	2,500
(iv)	Dr. Dr. To (Cash received for sales from travelling salesman after deducting his travelling expenses ₹3,000)		60,000 —	—
(v)	Dr. To Bank A/c To (Goods worth ₹80,000 bought at 20% trade discount and 5% cash discount)		—	—
(vi)	Dr. To (Amount paid for repairs of furniture)		1,000	1,000
(vii)	Dr. To (Interest due but not received)		4,000	4,000
(viii)	Dr. Dr. To (Paid rent by cheque ₹30,000. One third of the premises is occupied by the proprietor for his residence)		— —	—

PROBLEM : 4.

Fill in the missing information in the following journal entries :

JOURNAL

S. No.	Particulars	L. F.	Amount Dr.	Amount Cr.
			₹	₹
(i)	Bank A/c Dr. To (Bad debts written off last year now recovered)		10,000	10,000

	Dr. Dr.		60,000 2,000	
(ii)	To (Purchased goods and paid carriage)			62,000
	Dr.		8,000	
(iii)	To (Returned goods to Rashmi)			8,000
(iv)	Bank A/c Dr. Dr. To (60 Paise in the rupee received from official receiver of Gopal on his insolvency)		42,000 —	—
(v)	Dr. Dr. Dr. To (Goods sold to Dushyant for ₹60,000 at 5% trade discount and 10% cash discount and received 1/3rd in cash)		— — —	—
(vi)	Dr. To (Sale of personal car and the money paid into business)		75,000	75,000

PROBLEM : 5.

Fill in the missing information in the following journal entries :

Date	*Particulars*	*L.F.*	*Debit* (₹)	*Credit* (₹
(*a*)	.... A/c Dr. To .... A/c (Goods destroyed by fire)		2,000	2,0
(*b*)	Bank A/c Dr. To .... A/c (Bad debts recovered from Suresh)		5,000	5
(*c*)	Cash A/c .... Dr. .... A/c Dr. To .... A/c (Goods sold for ₹5,000 subjected to 10% Trade discount and ....% cash discount)		 225	...
(*d*)	.... A/c Dr. Discount Allowed A/c Dr. To Hari (Cash received from Hari by allowing 1% discount)		....	