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**Competency Statements**

- Students are able to prepare accounting documents*
- Students can get ability to analyse the effect of each transactions.*
- Students become familiar with the standard form and arrangement of Journal entries.*
- Students can calculate GST on purchase of goods.*
- Students can calculate GST on sale of goods.*
- Students are able to prepare Journal Entries correctly.*

**3.1 Introduction:**

Book Keeping records all day to day business transactions on the basis of supporting documents. The word 'document means a piece of paper which provides detailed information as a legal nature . Document is a legal proof for recording every transaction e.g. when we purchase computer for cash ₹30,000 we get the cash memo , this cash memo is a source document. The person or accountant first ensure the reliability and legal proof of the transactions recorded in the books of accounts .Every entry in books of accounts is supported by the relevant documentary evidence .These papers are called 'Accounting documents' . The accounting documents are the base for entering business transactions into the books of accounts

**Importance and utility of Accounting documents**

1. Documents are necessary for recording all transactions into the books of accounts.
2. The accounting transactions are recorded in proper mode and computer based.
3. Accounting documents are stored in physical files or in software.
4. Accounting documents are legal evidence for court matters.
5. Accounting documents are required for charity commissioner's office.
6. Accounting documents are required for payments of state government and local body authority.

The most important Accounting Documents for recording transactions in Journal are as follows :

**VOUCHER :**

Voucher is a document that supports a payment made by the businessmen . It is a legal evidence that certain sum of money has been paid to a specific person or party. There are different types of vouchers prepared by the businessmen e.g. Cash voucher, Bank voucher, Purchase vouchers, Sales Vouchers, Travel bills, Wages bill, Salaries bill etc.

There are two types of vouchers internal voucher and external voucher.

**Internal vouchers:** The internal vouchers are documents prepared internally by an organisation. The voucher which is created by the business itself and signed by the payee is called as an internal voucher. It is prepared when we cannot get receipt as proof for such a transactions. e.g. Taxi fare, Bus fare, Auto fare etc.

**External voucher:** These vouchers are documents generated from outside the business. It is a document received from an outside agency regarding the business transactions. e.g. Tax Invoice received from the seller for the purchase of goods or stationary, Receipt of electricity bills paid, Debit Note, Credit Note, Cash memo etc.

**Journal voucher:** Journal voucher is basic/original voucher on the basis of which the transactions should be Journalised in journal book.

**Specimen of Journal voucher**

**Journal voucher**

Name of the firm _____	
Voucher no. : _____	Transaction no. : _____ Date : _____
Name of debit account : _____	
Name of credit account : _____	
Particulars	Amount (₹)
Amount In words ₹ _____	
Approved by _____	Authorised by _____ Sign _____

**Cash voucher**

**Meaning:** The evidence of cash payments and cash receipts is called cash voucher. When the amount is spent in cash ,one should prepare a voucher. If any document from the payee is obtained then that itself can be treated as a voucher it may be prepared for the payment and external document may be attached to the same. It is a document on the basis of which entries will be made in the Cash Book.

**CASH VOUCHER**  
**Nakul & Company**

Voucher no. : \_\_\_\_\_ Bandra Road, Mumbai Date : \_\_\_\_\_

G.S.T. I.N. No. : \_\_\_\_\_

Pay to \_\_\_\_\_

on account of \_\_\_\_\_

Debit account \_\_\_\_\_

Total ₹ \_\_\_\_\_ only

Amount ₹

Prepared by \_\_\_\_\_ Passed by \_\_\_\_\_ Receiver sign \_\_\_\_\_

**TAX INVOICE**

**Meaning of Tax Invoice :** Tax Invoice is a document prepared by the seller to inform the buyer about the quantity supplied, rates and terms of payment at which goods are supplied trade discount if any allowed, CGST and SGST and the total amount payable by him. It is 'purchase invoice' or inward invoice for the buyer and 'sales invoice' or outward invoice for the seller. Entries in the Purchase Books are made on the basis of the purchase invoices received. Entries in the Sales Book are made on the basis of sales invoices. Tax invoice is sent by the seller to the buyer when goods are supplied by him.

**Specimen of Tax Invoice**

**Tax invoice**  
**Sunil General Stores**

Cash bill No.: \_\_\_\_\_ Shop no. 5 Laxmi road, Pune

G.S.T. I.N. No. : \_\_\_\_\_ Date: \_\_\_\_\_

Name : (Customer Name) \_\_\_\_\_

Address : \_\_\_\_\_

Sr. No.	Particulars	HSN No.	Rate	Qty	Taxable amount	CGST %	SGST %	Total Amount (₹)

Rupees (in words) \_\_\_\_\_

Bank Details : \_\_\_\_\_

Bank Name : \_\_\_\_\_

Branch IFSC Code : \_\_\_\_\_

A/c No. : \_\_\_\_\_

E & O.E. \_\_\_\_\_ Signature \_\_\_\_\_

## CREDIT MEMO

A Credit Memo is also known as an Invoice or bill. When goods are purchased on credit basis a seller prepares the credit memo (sales Invoice or tax Invoice) and sends it to the customer along with the articles. When same memo is issued to the buyer it is called 'Inward Invoice' and the same is treated as 'Outward Invoice' by the seller. Therefore a credit memo is a statement given by the seller to the customer providing the details of goods sold for which certain amount becomes due from the customer. In the Purchase Book and the Sales Book entries are made on the basis of an invoice

## RECEIPT:

**Meaning :** In modern business to increase the profit the businessmen sells goods on credit but the payment will be made on future date. At the time of making payment the receiver is required to acknowledge the payment for this purpose a document is prepared called as receipt. On the basis of this document entries will be made in the Cash Book.

<b>RECEIPT</b>	
<b>Balaji and Sons</b>	
Somwar Peth, NASIK	
	Receipt no-----
	Date-----
G.S.T.I.N. No. :-----	
Received with thanks from M/s-----	
a sum of ₹-----by cash/cheque/D.D./NEFT/R.T.G.S.	
No.-----Dated-----Drawn on-----	
in part/full payment of bill No.-----	
<div style="border: 1px solid black; display: inline-block; padding: 5px;">₹</div>	STAMP
Subject to realisation of cheque	ReceiversSignature

## CHEQUE

While dealing with business transactions businessmen use different types of cheques to make payments and for sending money from one place to another. Cheque book facility is given by the bank to its account holders who maintains a certain minimum balance.

A cheque is an order issued by the account holder to his banker to pay on demand a stated sum of money to or to the order of specified person or to the bearer. The printed cheque book is issued by the Bank to the Account holder as per his requirement.

## Definition of Cheque

“A cheque is a written unconditional order signed by the Account holder directing a specific Banker to pay on demand certain sum of money only to a person named there in or to the bearer”.

## Parties to a Cheque

There are three parties to cheque

- (a) **The Drawer:** The person who draws a cheque is called as drawer.
- (b) **The Drawee:** The bank on whom the cheque is drawn is called a drawee. The drawee is always the bank.
- (c) **The Payee:** The person in whose favour a cheque is issued is called as a payee.

## Contents of Cheque

- 1) Name of the Bank and address of the branch.
- 2) The date of issuing cheque.
- 3) Name of the payee.
- 4) Amount in words and figures.
- 5) Name and signature of account holder.
- 6) Cheque number.
- 7) MICR number.
- 8) IFSC code.
- 9) Account number.

## Types of Cheques

A cheque may be

1) Bearer cheque 2) Order cheque 3) Crossed cheque

- 1) **Bearer Cheque:** Any person who can get the payment of the cheque at the counter of the bank is called as a bearer cheque. Any person who holds the cheque and is physically present at the counter and signs the same in front of the banker can get the amount of cheque.

### Specimen of a Bearer Cheque

											DD MM YY
Pay _____											OR BEARER
RUPESS _____											
A/C NO.											₹ _____
State Bank of India, M.G. Road, Mumbai. IFSC No. SBIN1234001.											Signature
“ 123456” 4110150351: 00796411											

- 2) **Order cheque** : When a cheque is drawn payable to a specific person or order is called as an order cheque. The payment of order cheque is made by the bank to the person's name mentioned therein or to any other person ordered by him. When the word Bearer is struck off it becomes an Order Cheque.

### Specimen of an Order Cheque

											DD MM YY
Pay _____											OR BEARER
RUPESS _____											
A/C NO.											₹ _____
State Bank of India, M.G. Road, Mumbai. IFSC No. SBIN1234001.											Signature
“ 123456” 4110150351: 00796411											

- 3) **a) Crossed Cheque:** For the safe interest of the account holder and the drawee drawing two parallel, transverse lines on the face of the cheque is called as a crossed cheque. Crossed cheque has to be deposited into bank account and payment is made only through the bank. The effect of this cheque is that the payment of cheque is received by the right person.

### Specimen of a Crossed Cheque

	DD MM YY										
Pay _____	OR BEARER										
RUPESS _____											
A/C NO. <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td></tr></table>											₹ _____
State Bank of India, M.G. Road, Mumbai. IFSC No. SBIN1234001.											
“ 123456” 4110150351: 00796411	Signature										

- 3) **b) Crossed Account Payee Cheque:** A crossed account payee cheque is similar to the crossed cheque. In this type of cheque specific person/ organisation deposited cheque into the bank and the amount is credited to his specific account only. When two parallel lines across the cheque are drawn with the word “Account payee” only it is called as a crossed account payee cheque.

### Specimen of a Crossed Account Payee Cheque

<i>A/c payee</i>	DD MM YY										
Pay _____	OR BEARER										
RUPESS _____											
A/C NO. <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td></tr></table>											₹ _____
State Bank of India, M.G. Road, Mumbai. IFSC No. SBIN1234001.											
“ 123456” 4110150351: 00796411	Signature										

## 3.2 Meaning, Definition, Importance and Utility of Journal

### Introduction :

Everyday businessmen performs large number of transactions. These transactions cannot be remembered at a glance. Therefore these transactions must be recorded in different types of books. He keeps different accounting records. The number of books depends upon the size and nature of business and volume of transactions but important books of accounts which must be maintained by every businessmen are Journal and Ledger. Journal is a book employed to classify or sort out transaction in a form convenient for their subsequent entries in Ledger Journal keeps record of daily financial transaction . It is also known as Book of Original Entry. When the Journal transactions are recorded in the Journal it becomes Journal entry .Journal entries consist of the name of debit and name of credit involved in the financial transaction with a brief narration. Journal is a book in which the business transactions are first recorded in a chronological order i.e. Date wise in the order in which they take place.

Generally the different types of Books of Accounts are maintained by a businessman for recording the business transactions. He maintain primary books and secondary books, Primary books includes Journal proper and special Journal which includes Purchases Books ,Sales Book, Purchase Return Book, Sales Return Book, Bills Receivable Book, Bills Payable Book and Secondary Book includes Journal Ledger.

### 3.2.1 Meaning:

The word “Journal” is derived from the French word “JOUR” which means a “Day”. Therefore journal means a “daily record”. A journal contains a daily record of business transactions and hence it has been named so, as soon as a transaction takes place its debit and credit aspects are analyzed and first of all recorded chronologically i.e. In the order of their occurrence(taking place). Journal is a book of original entry or primary entry.

### Definition :

- 1) According to **L.C.Cropper** “A journal is a book, employed to classify or sort out transactions in a form convenient for their subsequent entry in the Ledger”
- 2) According to a Dictionary for Accountant written by **Eric Kohler** “A Journal is the book of original entry are recorded transaction not provided for in specialised journals”.

### 3.2.2 Importance and utility of Journal:

Journal is an important book in Book-keeping. All business organisations, keep the Journal. The importance and utility is as follows:-

- 1) This is the principal book of account. It includes all types of accounts of business
- 2) It shows all necessary information regarding transactions.
- 3) The Journal has date wise record of all the transactions with details about accounts it helps to understand the events when its took place.
- 4) The Journal is subsidiary book in which all the day to day transactions are recorded first in chronological order in debit and credit form and with the amount of each transaction.



- 5) Accounting procedure is followed on the basis of accounting documents.
- 6) The narration provides a brief explanation about the transactions .It helps to increase the clarity of every transactions.
- 7) It helps to find and prevent errors.
- 8) It helps to check arithmetical accuracy of the transactions.
- 9) It helps in preparation of Final Accounts.

### 3.3 Specimen/ Format/ Ruling/ Proforma of Journal is given below-

Journal of -----

Date	Particulars	L.F.	Debit Amount ₹	Credit Amount ₹
Year Month/ Date	Name of the account debited To Name of account credited (Being.....)	Dr.		

#### Explanation of columns:

- 1) **Date:** In this column of Journal records of the year, month and date of every transaction is written. The year should be written at the top and below that the month and date should be written.
- 2) **Particulars: In particular column the Journal entry is passed in three parts**
  - i) **Debit A/c :** It records the name of the account to be debited
  - ii) **Credit A/c :** It records the name of the account to be credited  

This is decided by applying the rules of Debit and Credit. The account to be debited is always written first. The word “Dr” is written in front of debited account just near L.F. Column. The account to be credited is written on the next line beginning with the word “To” after leaving short space just near date column. Narration is to be written just below the journal entry.
  - iii) “Narration is a brief explanation of the Journal Entry”. It is written in the bracket and begins with word, ‘Being’
- 3) **Ledger Folio Number :** It means page number of the ledger.  

The transaction entered in the journal are posted to the Ledger. In this column the page number should be recorded against each and every account at the time of posting in ledger. The Folio number may be written in ‘red ink’ to distinguish them from the amount
- 4) **Debit Amount:** In this column the amount of debit account is written.
- 5) **Credit Amount :** In this column the amount of credit account is written

**Casting of Journal:** At the end of each page of Journal, the total of debit amount and credit amount column is taken to check arithmetical accuracy of the transaction. The totals of both the columns must be equal.

After recording Journal Entries, at the end of each page the total of amount columns is carried forward to the next page by writing the words Total c/f in particulars column. The next page will begin with the total brought forward from previous page, by writing the words Total b/f, on the last page of journal 'Grand Total' is casting.

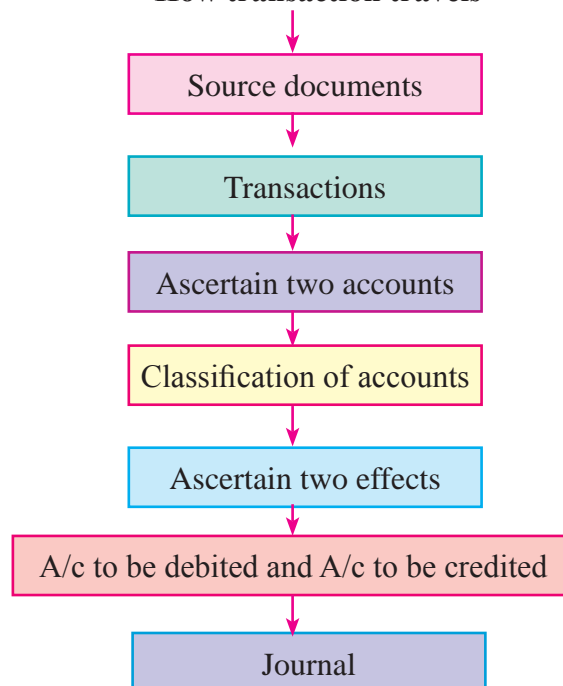
**Journalising:**

The process of entering or recording the transaction in a Journal is called as journalising.

**Steps for Journalising:**

- 1) Find out the accounts involved in a particular transaction.
- 2) Find out the types of account involved.
- 3) Apply the rules of debit and credit for each of the accounts involved.
- 4) Find out the account to be debited and the account to be credited.
- 5) Record the date of the transaction in the "Date column".
- 6) The name of the account to be debited is to be written in "Particulars" column. On first it is written close to the date column and name of the account to be credited is written on the next line after leaving short space from the date column.
- 7) The word 'Dr.' is written against the name of the account debited and the name of the account to be credited is preceded by the word 'To'.
- 8) Write the amount of transaction in debit column and credit column.
- 9) A brief explanation of the entry is given in the bracket just below the entry.
- 10) After each Journal entry a line is to be drawn in particulars column only to keep the entries of the transactions distinctly separate from each other.
- 11) L.F.(Ledger Folio) The page number on which the particular account is opened in the Ledger is stated under the L.F. Column to facilitate easy reference.

**How transaction travels**



### 3.3.1 GST:



GST stands for Goods and Service Tax. Before GST every State had variety of taxes levied at different stages of trading. Taxes that existed before were Excise Duty, Custom Duty, VAT, Entertainment Tax, Central Sales Tax, Service Tax, Octroi etc. All these taxes are included under GST, that is why GST is One nation, One tax, One market. GST is started from 1st of July 2017.

In the tax invoice for Goods, there is HSN i.e. Harmonised System of Nomenclature code while in service invoice there is SAC. Services are also classified and special code numbers are given. These are called SAC or Service Accounting Code.

Sr. No.	Types	Rate of GST	Goods and services items list
1	Zero rated	0%	<b>Goods :</b> Essential Commodities like food grains, fruits,vegetables,milk, salt, earthen pots etc. <b>Services :</b> Charitable trust activities, transport of water use of roads and bridges, public library, agriculture, related services, Education and Health care services etc.
2	Low rated	5%	<b>Goods :</b> Commonly used items- LPG cylinder, Tea, coffee, oil, Honey, Frozen vegetables, spices, sweets etc. <b>Services :</b> Railway transport services, bus transport services, taxi services.
3	Standard rated (I slab)	12%	<b>Goods :</b> consumer goods: butter, ghee, dry fruit, jam, jelly, sauces, pickles, mobile phone etc. <b>Services :</b> Printing Jobwork, Guest house, Services, related to construction business.
4	Standard rated (II slab)	18% (most of the goods and services are included)	<b>Goods :</b> Marble, Granite, Perfumes, Metal items, Computer, Printer, Monitor, CCTV etc. <b>Services :</b> Courier services, Outdoor catering, Circus, Drama, Cinema, Exhibitions, Currency exchange, Broker Services in share trading etc.
5	Highly rated	28%	<b>Goods :</b> Luxury items, Motor Cycles and spare parts, Luxury cars, Pan-masala, Vacuum cleaner, Dish washer, AC, Washing machine, Fridge, Tobacco products, Aerated water etc. <b>Services :</b> Five star Hotel accommodation, Amusement parks, Water parks, Theme parks, Casino, Race course, IPL games, Air transport (business class) etc.

**Note :** The rates and types of GST are as prescribed by the government. GST rates are subject to change. Electricity, petrol, diesel etc are not under purview of GST.

**Example 1:** Purchased Laptop from Jalaram and Company worth ₹ 50,000 at 18% GST and amount paid by cheque

	Cost of Laptop	=	₹ 50,000
Add :	CGST 9%	=	₹ 4,500
	SGST 9%	=	₹ 4,500
	<hr/>		
	Net value	=	₹ 59,000

**Journal Entry**

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
Year Month/ Date	Laptop A/c	Dr.	50,000	59,000
	Input CGST A/c	Dr.	4,500	
	Input SGST A/c	Dr.	4,500	
	To Bank A/c			
	(Being purchased Laptop by cheque at 18% GST)			

**Example 2:** Sold Motor Car for ₹ 1,00,000 at 28% GST and amount received by cheque

	Cost of Motor Car	=	₹ 1,00,000
Add :	CGST 14%	=	₹ 14,000
	SGST 14%	=	₹ 14,000
	<hr/>		
	Net value	=	₹ 1,28,000

**Journal Entry**

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
Year Month/ Date	Bank A/c	Dr.	1,28,000	1,00,000 14,000 14,000
	To Motor Car A/c			
	To Output CGST A/c			
	To Output SGST A/c			
	(Being sold Motor Car and amount received by cheque at 28% GST)			

### 3.4 Recording of Journal Entries

#### Goods Account :

The term goods includes commodities purchased by the businessmen for resale .It is generally classified as Purchase A/c, Sales A/c, Return Outward A/c (Purchase Return), Return Inward A/c (Sales Return), Goods withdrawn by proprietors A/c, Goods distributed as free samples A/c, Goods destroyed by fire A/c, Goods damaged/lost in transit A/c, Goods Pilfered or stolen account.

**1) Purchase Account :** It is an account for recording all purchase of goods for trading/producing activity

There are two types of purchases

- i) Cash Purchases
- ii) Credit Purchases

- i) **Cash Purchases** : When goods are purchased and payment is made to seller immediately, by cash or by bank, it is called as cash purchases.

**Example 1:** Purchased goods for cash from Mr. Sonu worth ₹ 2,000

In this transaction goods “comes in” on purchasing of goods and therefore purchase A/c is debited on purchase of goods and cash goes out therefore cash A/c credited the entry is as follows

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
Year Month/ Date	Purchase A/c.....Dr. To Cash A/c (Being purchased goods for cash)		2,000	2,000

- ii) **Credit Purchases** : When goods are purchased and payment is to be made in future date to seller i.e. Seller allows a certain period of time to the buyer to make the payment in respect of such purchases it is called as credit purchases.

**Example 2:** Purchased goods from Mrs Sonali worth ₹ 15,000 on credit.

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
Year Month/ Date	Purchase A/c Dr. To Mrs. Sonali's A/c (Being purchased goods on credit)		15,000	15,000

## 2) Return Outward (Purchase Return)Account:

This account is for recording return of goods purchased.

Sometime goods purchased are returned to the supplier for various reasons like.

- i) Goods are not according to sample
- ii) Goods are of inferior quality.
- iii) Goods are damaged in transit
- iv) Goods are defective.
- v) Goods are received in excess quantity than ordered.
- vi) Delay in supply of Goods.

Thus, when goods purchased are returned to the supplier, it is called as “Return Outward” or "Purchase Return"

**Example 3:** Returned Goods worth ₹200 to Mrs.Sonali

In this transaction the goods “goes out” on returning of goods to supplier therefore Return Outward Account should be credited

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
Year Month/ Date	Mrs. Sonali's A/c Dr. To Return Outward A/c Purchase Return A/c (Being goods returned)		200	200

3) **Sales:** Sales for the business means goods sold. Sales are classified in the following types-  
 a) Cash sales      b) Credit sales.

a) **Cash sales:** When goods are sold and money is received immediately, is called as cash sales.

**Example 4:** Sold goods worth ₹ 5,000 for cash to Mr. Govind.

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
Year Month/ Date	Cash A/c.....Dr. To Sales A/c (Being sold goods for cash to Mr. Govind)		5,000	5,000

b) **Credit sales :** when goods are sold and money will be received on future date it is called as credit sales.

**Example 5 :** Sold goods to Mr. Govind for ₹ 30,000

**Journal entry**

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
Year Month/ Date	Mr. Govind's A/c.....Dr. To Sales A/c (Being sold goods on credit)		30,000	30,000

4) **Return Inward (Sales Returns):**When the goods sold to customer are returned by that buyer to the Seller due to various reasons it is called as “Return Inward” or Sales Returned.

**Example 6:** Govind returned goods worth ₹ 8000 out of goods of ₹ 30,000 purchased by him

**Journal entry**

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
Year Month/ Date	Return Inward A/c/ Sales Return A/c Dr. To Govind's A/c (Being sold goods returned by Govind)		8,000	8,000

**5) Goods withdrawn by Proprietor**

When the goods are withdrawn by proprietor from the business for his private/personal/ household use. In such case, Drawings Account is debited .The goods withdrawn by proprietor goes out of the business and Goods withdrawn by proprietors A/c credited. The goods which are taken by the proprietor are assumed as taken from the total purchases.

### Journal entry

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
Year Month/ Date	Drawing A/c.....Dr. To Good withdrawn by Proprietor A/c or Purchases A/c (Being goods withdrawn by proprietor for personal use)		xxx	xxx

- 6) **Goods distributed as free sample :** It is the value of goods distributed by the firm as free sample as an advertisement. Advertisement A/c is debited and the Goods Distributed as free Sample/Purchases A/c is credited as goods goes out of the business.

### Journal entry

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
Year Month/ Date	Advertisement A/c.....Dr. To Good distributed as free sample A/c or Purchases A/c (Being goods distributed as free sample)		xxx	xxx

- 7) **Goods Destroyed by fire/Accident:** If goods are destroyed by fire/accident, it is a physical loss of goods for which Loss by fire A/c is debited and since goods goes out of business, Goods destroyed by fire/purchased A/c is credited.

**A) If goods are not Insured (Uninsured) :**

- i) When goods destroyed by Fire/ Accident and Insurance Company has not accepted the claim then the entry will be as follows:

### Journal entry

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
Year Month/ Date	Loss by fire A/c.....Dr. To Goods destroyed by fire A/c or Purchases A/c (Being goods destroyed by fire)		xxx	xxx

**B) If goods are insured:**

- i) If full claim is admitted by the Insurance company then the entry will be as follows :

### Journal entry

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
Year Month/ Date	Insurance Co. A/c.....Dr. To Goods destroyed by fire A/c or Purchases A/c (Being insurance claim accepted by the company)		xxx	xxx

ii) If the claims is partly admitted by the Insurance Co. then the entry will be as follows:

**Journal entry**

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
Year Month/ Date	Insurance Co. A/c.....Dr. (Amt. of claim accepted / admitted) Loss by fire A/c .....Dr. (Amt. of loss) To Goods destroyed by fire A/c or Purchases A/c (Being goods destroyed and Insurance co. admitted the claim partly)		xxx  xxx	xxx

**8) Goods damaged or Lost in transit:**

While despatching the goods to the buyer and before it reaches him if there is any damage to the goods in transit due to an accident then it is a physical loss of goods.

**Journal entry**

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
Year Month/ Date	Loss in transit A/c.....Dr. To Goods lost in transit A/c or Purchases A/c (Being goods lost in transit)		xxx	xxx

i) If goods are insured & full claim is admitted by Insurance co. Then the entry will be are as follows :

**Journal entry**

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
Year Month/ Date	Insurance Co. A/c.....Dr. (Amt. of claim) To Goods lost in transit A/c or Purchases A/c (Being Insurance company admitted the claim)		xxx	xxx



ii) If the claim is partly admitted by the insurance co. The entry will be as follows :

**Journal entry**

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
Year Month/ Date	Insurance Co. A/c.....Dr. (Amount of claim admitted) Loss in transit A/c .....Dr. (Claim not accepted) To Goods lost in transit A/c or Purchases A/c (Being goods lost in transit and partly claim admitted)		xxx  xxx	xxx

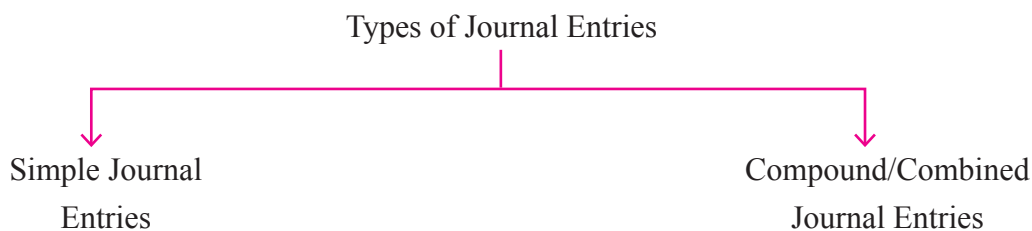
**9) Pilfered goods or stolen:**

If the goods are pilfered or lost by theft or stolen it becomes physical loss of goods.

**Journal entry**

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
Year Month/ Date	Loss by theft A/c .....Dr. To Goods lost A/c or Purchases A/c (Being goods lost by theft)		xxx	xxx

**3.3 Writing of Journal Entries**



**1. Simple Journal Entry:**

In a simple entry, only two accounts are affected, one account is debited and the other is credited. Few transactions are given below for Simple Journal Entries. The process of journalising can be explained with the following illustration.

## Illustration-A

### Process of Journalising:

Transactions	Two effect	Two Accounts	Types of Account	Rules Applicable	A/c to be Debited	A/c to be Credited
1. Started business with Cash ₹ 1,00,000	Cash comes in to the business Proprietor is the giver of benefit..	Cash A/c Capital A/c	Real A/c Personal A/c	Dr. what comes in Cr. the giver	Cash A/c	Capital A.c
2. Purchased Computer of ₹ 20,000 for Cash.	Computer comes in Cash goes out	Computer A/c Cash A/c	Real A/c Real A/c	Dr. what comes in Cr. what goes out	Computer A/c	Cash A/c
3. Paid for Wages ₹ 9,000	Wages is an expenses Cash goes out	Wages A/c Cash A/c	Nominal A/c Real A/c	Dr. the expenses/ losses Cr. what goes out	Wages A/c	Cash A/c

## Illustration - B :

### Journal entries

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
1.	Cash A/c .....Dr. To Capital A/c (Being started business with cash)		1,00,000 -	- 1,00,000
2.	Computer A/c .....Dr. To Cash A/c (Being purchased Computer for cash)		20,000 -	- 20,000
3.	Wages A/c .....Dr. To Cash A/c (Being Wages paid)		9,000 -	- 9,000
	Total		1,29,000	1,29,000

## Illustration-1

Journalise the following transactions in the books of Narendra General Stores

- 2019 April 1 Narendra commenced business with Cash ₹ 80,000  
 3 Purchased goods from Kiran ₹ 40,000 on credit  
 5 Paid rent ₹ 2,000  
 10 Sold goods to Mr. Vikas ₹ 55,000 on credit

- 15 Purchased Furniture of ₹ 30,000 @ GST 18%  
 18 Received a Bearer Cheque of ₹ 25,000 from Mr. Vikas  
 21 Paid to Kiran by Cheque of Dena Bank ₹ 20,000  
 30 Paid Salary ₹ 5000

**Solution:**

**In the books of Narendra Journal with classification of Accounts**

Date	Particulars	Type of Account	L.F.	Debit Amount (₹)	Credit Amount (₹)
2019 April 1	Cash A/c Dr. To Capital A/c (Being started business with cash)	Real A/c Personal A/c		80,000	80,000
3	Purchases A/c Dr. To Kiran's A/c (Being purchased goods from Kiran on credit)	Nominal A/c Personal A/c		40,000	40,000
5	Rent A/c Dr. To Cash A/c (Being paid for Rent)	Nominal A/c Real A/c		2,000	2,000
10	Vikas's A/c Dr. To Sales A/c (Being sold goods to Vikas on credit)	Personal A/c Nominal A/c		55,000	55,000
15	Furniture A/c Dr. Input CGST A/c Dr. Input SGST A/c Dr. To Cash A/c (Being purchased Furniture @ 18% GST)	Real A/c Nominal A/c Nominal A/c Real A/c		30,000 2,700 2,700	35,400
18	Cash A/c Dr. To Vikas's A/c (Being received bearer cheque from Vikas)	Real A/c Personal A/c		25,000	25,000
21	Kiran's A/c Dr. To Dena Bank A/c (Being paid to Kiran by Cheque)	Personal A/c Personal A/c		20,000	20,000
30	Salary A/c Dr. To Cash A/c (Being paid for salary)	Nominal A/c Real A/c		5,000	5,000
	<b>Total</b>			<b>2,62,400</b>	<b>2,62,400</b>

### Explanatory Note:

#### 1. Entry on April 18

A bearer cheque is received from Vikas. Bearer cheque received is treated as cash received. [Real A/c] and Vikas is giver [Personal A/c], Cash A/c is debited and Vikas A/c is credited.

#### 2. Entry on April 21

The amount of cheque ₹ 20,000 will be paid by Dena Bank to Kiran who is receiver [Personal A/c] hence Kiran's A/c is debited and Bank A/c is credited.

#### Discount :

Discount means an allowance or concession given by the seller of goods to the purchaser. There are two types of discount: i) Trade Discount and ii) Cash Discount

- i) **Trade Discount:** It is an allowance given on printed list price of goods. This discount is allowed at the time of Purchase / Sale of goods on cash as well as credit transactions. Trade discount is not recorded in the books of accounts

**Example :** Amar bought goods worth ₹ 20,000 from Rakesh at 10% trade discount.

#### Journal Entry in the Books of Amar ( Buyer)

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
Year Month/ Date	Purchases A/c ..... Dr. To Rakesh's A/c (Being bought goods from Rakesh at 10% trade discount)		18,000	18,000

#### Journal Entry in the Books of Rakesh ( Seller)

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
Year Month/ Date	Amar A/c ..... Dr. To Sales A/c (Being sold goods to Amar at 10% discount)		18,000	18,000

- ii) **Cash Discount:** It is the concession given to encourage prompt payment .

Discount is a Nominal Account. Cash discount is a loss to the receiver of cash and a gain to the giver of cash. Therefore, whenever cash discount is allowed, discount allowed account should be debited in the books of the person who receives cash and discount received account should be credited in the books of the person who pays cash. It is to be calculated after deducting Trade discount i.e. on invoice price. It is recorded in the books of accounts.

**Example 1:** Received from Kartik ₹ 1,900 and allowed him discount ₹ 100

**Journal entry**

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
Year Month/ Date	Cash A/c ..... Dr. Discount Allowed A/c ..... Dr. To Kartik's A/c (Being cash received and discount allowed)		1,900 100	2,000
	<b>Total</b>		<b>2,000</b>	<b>2,000</b>

**Example 2:** Paid to Chanda ₹ 980 who allowed us discount ₹ 20

**Journal entry**

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
Year Month/ Date	Chanda's A/c ..... Dr. To Cash A/c To Discount Received A/c (Being cash paid and discount received)		1,000	980 20
	<b>Total</b>		<b>1,000</b>	<b>1,000</b>

**2) Combined Journal Entry**

In many of transactions, more than two accounts are affected.

A Journal Entry which contains more than one debit or more than one credit or both is called as a combined /compound Journal Entry.

Thus, in a combined Journal Entry.

- (i) Several accounts are debited and one account is credited.
- (ii) One account is debited and several accounts are credited.
- (iii) More than one account is debited and more than one account is credited.

**Example1: Simple entry and combined entry transaction :**

Started business with Cash ₹ 150,000 Goods, ₹ 30,000 and Laptop ₹ 50,000.

Simple entry		Combined entry	
A) Cash A/c	Dr 1,50,000	Cash A/c	Dr 1,50,000
	To Capital A/c	150,000	Stock of goods A/c
B) Stock of goods A/c	Dr 30,000		Dr 30,000
	To Capital A/c		Laptop A/c
	30,000		Dr 50,000
			To Capital A/c
			2,30,000
C) Laptop A/c	Dr 50,000	(Being started business with cash, goods and laptop)	
	To Capital A/c		
	50,000		

In the above three simple entries capital A/c is commonly credited.

**Example 2:** Transaction :Sold goods worth ₹30,000 to Kishor who paid us ₹10,000 on account.

Simple entry		Combined entry	
A) Kishor's A/c	Dr 30,000	Cash A/c	Dr 10,000
To Sales A/c	30,000	Kishor's A/c	Dr 20,000
B) Cash A/c	Dr 10,000	To Sales A/c	30,000
To Kishor A/c	10,000	(Being goods sold to Kishor and part payment received)	

In the above two simple entries Kishor's A/c is debited by ₹ 30,000 and subsequently credited by ₹10,000 . The net effect is that Kishor's A/c is debited by ₹20,000 which is shown in a combined entry.

**Example 2:** : Paid Wages ₹5000 and Salaries ₹2000 = Wages A/c Dr 5,000  
Salaries A/c Dr 2,000  
To Cash A/c 7,000

**Example 3:** Received Commission ₹ 700 and Dividend ₹500 = Cash A/c Dr 1,200  
To Commission Received A/c 700  
To Dividend Received A/c 500

### Illustration-2

Journalise the following transactions in the books of Sankalp General Stores

2019

- July 1 Started business with Cash ₹ 1,00,000, Stock of Goods worth ₹ 50,000, and Computer ₹ 50,000.  
4 Purchased goods from Karina on credit ₹ 10,000 at 5% trade discount.  
10 Sold goods to Priyanka ₹ 20,000 at 10% trade discount.  
13 Paid into State Bank of India ₹ 50,000.  
15 Goods worth ₹ 2,000 lost by theft.  
18 Paid for Rent ₹ 4,000.  
20 Received Cash of ₹ 17,500 from Priyanka in full settlement of her account.  
25 Paid for Stationery purchased ₹ 8,000.

**Solution:** In the books of Sankalp General Stores

### Journal

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
2017 July 1	Cash A/c Dr. Stock of Goods A/c Dr. Computer A/c Dr. To Capital A/c (Being started business with Cash, Goods and Computer)		1,00,000 50,000 50,000	2,00,000

4	Purchases A/c To Karina's A/c (Being purchased goods from Karina on credit at 5% trade discount)	Dr.		9,500	9,500
10	Priyanka's A/c To Sales A/c (Being goods sold to Priyanka on credit at 10% trade discount)	Dr.		18,000	18,000
13	State Bank of India A/c To Cash A/c (Being cash deposited into State Bank of India)	Dr.		50,000	50,000
15	Loss by theft A/c To Goods Lost A/c or Purchases A/c (Being goods lost by theft)	Dr.		2,000	2,000
18	Rent A/c To Cash A/c (Being paid for Rent)	Dr.		4,000	4,000
20	Cash A/c Discount Allowed A/c To Priyanka's A/c (Being cash received from Priyanka and discount allowed)	Dr. Dr.		17,500 500	18,000
25	Stationery A/c To Cash A/c (Being paid for stationery)	Dr.		8000	8,000
	<b>Total</b>			<b>3,09,500</b>	<b>3,09,500</b>

### Illustration-3

Journalise the following transactions in the books of Rajkumar Grocery Seller.

2019

- April 1 Rajkumar started business with Cash ₹ 2,00,000, Building ₹ 2,00,000 and borrowed loan from Rakesh ₹ 50,000.
- 4 Deposited Cash into Dena Bank ₹ 50,000.
- 7 Purchased Computer from Brijesh of ₹ 30,000 @ 18% GST and paid by Cheque.
- 10 Cash Sales ₹ 90,000..
- 12 Goods sold on credit to Ganesh ₹ 10,000 at 5% Trade Discount.
- 15 Ganesh returned goods of ₹ 950.
- 18 Goods taken by Rajkumar for his personal use ₹ 1,000.
- 20 Paid Telephone Charges ₹ 500 and Taxi Fare ₹ 200.
- 22 Paid Transport Charges ₹ 5,000 @ 5% GST.
- 24 Paid Audit Fees ₹ 5,000 by Cheque.

- 26 Purchased Furniture of ₹ 70,000 and amount paid by cheque @ 12% GST.  
 28 Sold Motor Car worth ₹ 1,00,000 @18% GST and Sales proceeds credited to our account.  
 30 Paid cash to Kavita ₹ 15,500,who allowed us discount ₹ 500.

**Solution:** **In the books of Rajkumar Grocery Seller**

**Journal**

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
2018 April 1	Cash A/c Dr. Building A/c Dr. To Capital A/c To Rakesh's loan A/c (Being started business with Cash, Building and loan from Rakesh)		2,50,000 2,00,000	4,00,000 50,000
4	Dena Bank A/c Dr. To Cash A/c (Being cash deposited into Dena Bank)		50,000	50,000
7	Computer A/c Dr. Input CGST A/c Dr. Input SGST A/c Dr. To Dena Bank A/c (Being purchased computer @ 18% GST and paid by cheque)		30,000 2,700 2,700	35,400
10	Cash A/c Dr. To Sales A/c (Being goods sold for cash)		90,000	90,000
12	Ganesh's A/c Dr. To Sales A/c (Being goods sold to Ganesh on credit @5% trade discount)		9,500	9,500
15	Return Inward A/c Dr. To Ganesh A/c (Being goods returned from Ganesh)		950	950
18	Drawing A/c Dr. To Goods Withdrawn by Proprietor A/c (Being goods withdrawn for personal use)		1,000	1,000



20	Telephone Charges A/c Conveyance A/c To Cash A/c (Being paid for Telephone charges and Taxi fare)	Dr. Dr.		500 200	700
22	Transport Charges A/c Input CGST A/c Input SGST A/c To Cash A/c (Being paid for transport charges including 5% GST)	Dr. Dr. Dr.		5,000 125 125	5,250
24	Audit fees A/c To Dena Bank A/c (Being paid for Audit fees)	Dr.		5,000	5,000
26	Furniture A/c Input CGST A/c Input SGST A/c To Dena Bank A/c (Being Furniture purchased with 12% GST)	Dr. Dr. Dr.		70,000 4,200 4,200	78,400
28	Dena Bank A/c To Motor Car A/c To Output CGST A/c To Output SGST A/c (Being sold Motor car at 18% GST)	Dr.		1,18,000	1,00,000 9,000 9,000
30	Kavita's A/c To Cash A/c To Discount Received A/c (Being paid to Kavita and discount received)	Dr.		16,000	15,500 500
	<b>Total</b>			<b>8,60,200</b>	<b>8,60,200</b>

## Explanatory Note

- 1) Transactions dated 7th April 2019

Cost of computer	=	₹ 30,000
Add: 9% CGST	=	₹ 2,700
9% SGST	=	₹ 2,700
<hr/>		
Total value	=	₹ 35,400
  
- 2) Transactions dated 22th April 2019

Transport charges	=	₹ 5,000
Add: 2.5% CGST	=	₹ 125
2.5% SGST	=	₹ 125
<hr/>		
Total amount paid	=	₹ 5,250
  
- 3) Transactions dated 26th April 2019

Cost of furniture	=	₹ 70,000
Add: 6% CGST	=	₹ 4,200
6% CGST	=	₹ 4,200
<hr/>		
Total value	=	₹ 78,400

## Illustration-4

Journalise the following transactions in the books of Shridevi Medical Store 2019

- August 1 Shridevi started business with own Cash ₹ 90,000 , Stock of goods worth ₹ 40,000 Machinery worth ₹ 70,000 and borrowed money ₹ 50,000 from her friend Konika at 12% p.a.
- 4 Bought goods worth ₹ 50,000 from Madhuri @ 10% trade discount .
  - 6 Returned goods worth ₹450 to Madhuri for not being as per sample
  - 8 Sold goods worth ₹ 80,000 to Kiran @ 10% trade discount and received cash after allowing her 5% cash discount.
  - 13 Paid for Rent ₹ 4,000.
  - 17 Purchased a new Machinery worth ₹1,00,000 from Bajaj Ltd. at 28% GST and amount paid by debit card.
  - 20 Paid for Salary ₹ 27,000.
  - 27 Purchased 4 Computers of ₹ 1,20,000 @18% GST and amount paid by Debit Card.
  - 31 Withdrew from Bank ₹ 10,000 for personal use.

**Solution:****Journal of Shridevi Medical Stores**

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
2018 August 1	Cash A/c Dr. Stock of Goods A/c Dr. Machinery A/c Dr. To Capital A/c To Konika's loan A/c (Being started business with cash, goods, machinery and loan from Konika)		1,40,000 40,000 70,000	2,00,000 50,000
4	Purchases A/c Dr. To Madhuri's A/c (Being bought goods from Madhuri on credit at 10% discount)		45,000	45,000
6	Madhuri's A/c Dr. To Purchase Return A/c (Being goods returned to Madhuri)		450	450
8	Cash A/c Dr. Discount allowed A/c Dr. To Sales A/c (Being goods sold for cash at 10% trade discount and 5% cash discount)		68,400 3,600	72,000
13	Rent A/c Dr. To Cash A/c (Being paid for Rent)		4,000	4,000
17	Machinery A/c Dr. Input CGST A/c Dr. Input SGST A/c Dr. To Bank A/c (Being Machinery purchase at 28% GST and paid by Debit card)		1,00,000 14,000 14,000	1,28,000
20	Salaries A/c Dr. To Cash A/c (Being paid for Salary)		27,000	27,000

27	Computers A/c Input CGST A/c Input SGST A/c To Bank A/c (Being purchased four Computers at 18% GST and paid by Debit card)	Dr. Dr. Dr.		1,20,000 10,800 10,800	1,41,600
31	Drawings A/c To Bank A/c (Being cash withdrawn from bank for personal use)	Dr.		10,000	10,000
	<b>Total</b>			<b>6,78,050</b>	<b>6,78,050</b>

### Illustration-5

Journalise the following transactions of in the books of Vishal Electronics

2018

- April 1 Vishal commenced business with Cash ₹ 90,000, and Furniture ₹ 60,000 Building ₹ 1,00,000.
- 4 Purchased Motor Car from Honda Company by Cheque ₹ 55,000 at 18% GST.
- 5 Paid Insurance of the above Car ₹ 3,000 to United India Insurance Company.
- 10 Paid into State Bank of India ₹ 40,000.
- 12 Paid for Salary ₹ 10,000 and Rent ₹ 3,000
- 15 Bought goods from Rajesh ₹ 80,000 and paid him  $\frac{1}{4}$  amount in cash immediately.
- 18 Cash sales ₹ 60,000 @ 5% GST.
- 20 Received Rent ₹ 1,000 and Commission ₹ 4,000.
- 25 Paid for Telephone Charges ₹ 1,500.
- 27 Invoiced goods to Katrina for cash ₹ 75,000 at 5% GST.
- 29 Sunita brought goods from us ₹ 45,000 @ 5% GST .
- 30 Paid for Printing ₹17,000 by Debit Card of SBI.

**Solution:****Journal of Vishal Electronics**

Date	Particulars	L.F.	Debit Amount	Credit Amount
2018 April 1	Cash A/c Dr. Furniture A/c Dr. Building A/c Dr. To Capital A/c (Being started business with Cash, Furniture and Building )		90,000 60,000 1,00,000	2,50,000
4	Motor Car A/c Dr. Input CGST A/c Dr. Input SGST A/c Dr. To Bank A/c (Being purchased motor car by cheque with 18% GST)		55,000 4,950 4,950	64,900
5	Insurance A/c Dr. To Cash A/c (Being paid insurance premium on motor car)		3,000	3,000
10	State Bank of India A/c Dr. To Cash A/c (Being cash deposited into state bank of India)		40,000	40,000
12	Salary A/c Dr. Rent A/c Dr. To Cash A/c (Being paid for Rent and Salary)		10,000 3,000	13,000
15	Purchases A/c Dr. To Rajesh's A/c To Cash A/c (Being purchased goods from Rajesh on credit and 1/4 amount paid))		80,000	60,000 20,000
18	Cash A/c Dr. To Sales A/c To Output CGST A/c To Output SGST A/c (Being goods sold for cash at 5% GST)		63,000	60,000 1,500 1,500

20	Cash A/c To Rent A/c To Commission A/c (Being received rent and commission)	Dr.		5,000	1,000 4,000
25	Telephone charges A/c To Cash A/c (Being paid for postage and telephone charges)	Dr.		1,500	1,500
27	Cash A/c To Sales A/c To Output CGST A/c To Output SGST A/c (Being goods sold for cash at 5% GST)	Dr.		78,750	75,000 1,875 1,875
29	Sunita A/c To Sales A/c To Output CGST A/c To Output SGST A/c (Being sold good for Sunita an credit at 5% GST)	Dr.		47,250	45,000 1,125 1,125
30	Printing A/c To State Bank of India A/c (Being paid for stationery by Debit card)	Dr.		17,000	17,000
	<b>Total</b>			<b>6,63,400</b>	<b>6,63,400</b>

### Illustration-6

Journalise the following transactions in the books of Rajwade Trading Company 2019

- May 1 Started business with Cash ₹ 1,00,000, Bank Balance ₹ 2,00,000 and Building ₹ 2,00,000
- 3 Purchased goods from Ram of ₹ 50,000 at 18% GST.
- 5 Sold goods to Rakesh of ₹ 70,000 at 18% GST for Cash.
- 7 Paid for Repairs ₹ 5,000.
- 10 Placed an order with Ranveer and Sons for goods ₹ 60,000 at 12% GST
- 15 Paid for Wages ₹ 15,000.
- 18 Purchased goods from Mohan of ₹ 10,000 at 12% GST.
- 20 Paid for Conveyance Expenses ₹ 7,000.
- 25 Purchased goods from Kishor of ₹ 50,000 at 28% GST and paid the amount by Cheque.
- 30 Purchased Machinery of ₹ 50,000 at 18% GST and half the amount paid immediately by Cheque.
- 31 Withdrew from Bank ₹ 10,000 for personal use.

**Solution:****Journal of Rajwade Trading Company**

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
2019 May 1	Cash A/c Dr. Bank A/c Dr. Building A/c Dr. To Capital A/c (Being started business with Cash, Bank balance and Building )		1,00,000 2,00,000 2,00,000	5,00,000
3	Purchases A/c Dr. Input CGST A/c Dr. Input SGST A/c Dr. To Ram's A/c (Being purchased goods from Raman for cash @ 18% GST)		50,000 4,500 4,500	59,000
5	Cash A/c Dr. To Sales A/c To Output CGST A/c To Output SGST A/c (Being sold goods to Rakesh for cash @ 18% GST)		82,600	70,000 6,300 6,300
7	Repairs A/c Dr. To Cash A/c (Being paid for repairs)		5,000	5,000
15	Wages A/c Dr. To Cash A/c (Being paid for Wages)		15,000	15,000
18	Purchases A/c Dr. Input CGST A/c Dr. Input SGST A/c Dr. To Mohan's A/c (Being purchased goods from Mohan on credit at 12% GST)		1,00,000 6,000 6,000	1,12,000
20	Conveyance A/c Dr. To Cash A/c (Being paid for conveyance)		7,000	7,000

25	Purchases A/c	Dr.	50,000	32,000	
	Input CGST A/c	Dr.	7,000		
	Input SGST A/c	Dr.	7,000		
	To Kishor's A/c				32,000
	To Bank				32,000
(Being purchased goods from Kishor on credit and half amount paid by cheque)					
30	Machinery A/c	Dr.	50,000	59,000	
	Input CGST A/c	Dr.	4,500		
	Input SGST A/c	Dr.	4,500		
	To Bank A/c				59,000
(Being purchased Machinery for cash @ 18% GST)					
31	Drawings A/c	Dr.	10,000	10,000	
	To Bank A/c				10,000
(Being cash withdrawn from Bank for personal use)					
<b>Total</b>			<b>9,13,600</b>	<b>9,13,600</b>	

**Note:** Transaction dated 10<sup>th</sup> May is happening of an event and not a transaction hence no journal entry will be passed.

### Illustration-7

Journalise the following transactions in the books of Saniya Electronics, Pune

Debit balance on 1st April 2019 Cash at bank ₹ 50,000, Sundry Debtors ₹ 15,000, Stock ₹ 35,000, Plant & Machinery ₹ 1,00,000, Credit balances on 1st April 2019 Sundry Creditor Varsha ₹ 10,000 Bank loan ₹ 40,000 .

2019

- April 1 Purchased goods worth ₹ 90,000 from Kangana @ 12% GST and amount paid by Cheque.
- 5 Sold goods to Neha ₹30,000 @ 18% GST.
- 10 Sold goods to Sanjay of ₹ 50,000 @ 28% GST and payment received by Cheque.
- 14 Purchased Goods for Cash ₹ 50,000 @ 18% GST less 10% Cash Discount.
- 18 Paid for Advertisement ₹ 8,000.
- 20 Purchased a Horse for ₹ 40,000 and paid Carriage Charges ₹ 2,000.
- 22 Paid for Printing & Stationery ₹ 11,000.
- 26 Sold goods to Alok for Cash ₹ 13,000 @ 12% GST less 10% Cash Discount.
- 28 Received an amount of ₹ 1,000 from Varsha which was previously written off as Bad Debts.
- 30 Goods costing ₹ 5,000 distributed as Free Sample.



**Solution:**

**In the books of Saniya Electronics**

**Journal entries**

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
2019 April 1	Bank A/c Dr. Sundry Debtors A/c Dr. Stock A/c Dr. Plant and Machinery A/c Dr. To Varsha A/c To Bank loan A/c To Capital A/c (Being balances brought forwarded from the previous year )		50,000 15,000 35,000 1,00,000	10,000 40,000 1,50,000
1	Purchases A/c Dr. Input CGST A/c Dr. Input SGST A/c Dr. To Bank A/c (Being purchased goods less 10% trade discount @ 12% GST and paid cheque)		90,000 5,400 5,400	1,00,800
5	Neha's A/c Dr. To Sales A/c To Output CGST A/c To Output SGST A/c (Being goods sold to Neha on credit @ 18% GST)		35,400	30,000 2,700 2,700
10	Bank A/c Dr. To Sales A/c To Output CGST A/c To Output SGST A/c (Being sold goods @ 28% GST and amount received by cheque)		64,000	50,000 7,000 7,000
14	Purchases A/c Dr. Input CGST A/c Dr. Input SGST A/c Dr. To Cash A/c To Discount Received A/c (Being purchased goods for cash at 10% cash discount and 18% GST)		50,000 4,500 4,500	54,000 5,000

18	Advertisement A/c To Cash A/c (Being) paid for Advertisement)	Dr.		8,000	8,000
20	Live Stock A/c To Cash A/c (Being purchased horse and paid carriage charges)	Dr.		42,000	42,000
22	Printing and Stationary A/c To Cash A/c (Being paid for printing and stationery)	Dr.		11,000	11,000
26	Cash A/c Discount Allowed A/c To Sales A/c To Output CGST A/c To Output SGST A/c (Being goods sold to Alok for cash @ 12% GST and @10% cash discount)	Dr. Dr.		13,260 1,300	13,000 780 780
28	Cash A/c To Bad Debts Recovered A/c (Being the amount previously written off as bad debts now recovered)	Dr.		1,000	1,000
30	Advertisement A/c To Goods distributed as Free Sample A/c (Being to goods distributed as free sample)	Dr.		5,000	5,000
	<b>Total</b>			<b>5,40,760</b>	<b>5,40,760</b>

**Explanatory notes dated 26th**

(₹)

1) Entry on April 26	
value of goods	13,000
Add 6% CGST	780
Add 6% SGST	780
	<hr/>
Total value	14,560
Less: Discount 10% on 13,000	– 1,300
	<hr/>
cash received	13,260

### Illustration-8

Journalise the following transactions in the books of Reymond for the Month of April 2019

- April 1 Purchased goods from Kajal worth ₹ 2,00,000 at 5% Trade Discount and @ 18% GST and ½ amount paid by cheque.
- 4 Purchased Shares of Mahindra Company ₹ 60,000 and ₹ 1,000 paid as Brokerage.
- 9 Sold goods to Ravikant worth ₹ 60,000 at 10% Trade Discount and @ 18% GST 1/3 amount received by cash at 5% Cash Discount.
- 10 Paid College Fees of proprietor's son ₹ 1,000.
- 12 Purchased Computer of ₹ 50,000 @ 18% GST
- 15 Paid Transport charges on the above computer of ₹ 2,000.
- 20 Paid for Salary ₹ 15,000.
- 26 Paid for Rent ₹ 5,000 and ₹ Advertisement 15,000.
- 27 Sold goods to Salman ₹ 20,000 @ 18% GST .
- 30 Purchased Goods for ₹ 1,00,000 @ 12%GST and paid by cheque.
- 30 Wages Outstanding ₹ 20,000.

**Solution:**

#### In the books of Raymond Journal entries

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
2019 April 1	Purchases A/c Dr. Input CGST A/c Dr. Input SGST A/c Dr. To Bank A/c To Kajal's A/c (Being Goods purchased 5% T.D. and 8% GST, half amount paid by Cheque)		1,90,000 17,100 17,100	1,12,100 1,12,100
4	Investment in Shares in Mahindra Co. A/c Dr. To Bank A/c (Being purchased shares of Mahindra Company including brokerage, amount paid by cheque)		61,000	61,000

9	Cash A/c Discount allowed A/c Ravikant A/c To Sales A/c To Output CGST A/c To Output SGST A/c (Being goods sold to Ravikant at 10% trade discount and @ 18% GST and 1/3 amount received by cash and allowed 55 cash discount)	Dr. Dr. Dr.		20,340 900 42,480	54,000 4,860 4,860
10	Drawings A/c To Cash A/c (Being paid proprietors sons college fees)	Dr.		1,000	1,000
12	Computer A/c Input CGST A/c Input SGST A/c To Cash A/c (Being purchased computer for cash @ 18% GST)	Dr. Dr. Dr.		50,000 4,500 4,500	59,000
15	Computer A/c To Cash A/c (Being paid transport charges on purchase of computer)	Dr.		2,000	2,000
20	Salary A/c To Cash A/c (Being paid for salary)	Dr.		15,000	15,000
26	Rent A/c Advertisement A/c To Cash A/c (Being paid for Rent and Advertisement)	Dr. Dr.		5,000 15,000	20,000
27	Salman A/c To Sales A/c To Output CGST A/c To Output SGST A/c (Being goods sold to Salman @18% GST)	Dr.		23,600	20,000 1,800 1,800

30	Purchases A/c Input CGST A/c Input SGST A/c To Bank A/c (Being purchased goods @12% GST and paid by cheque)	Dr. Dr. Dr.		1,00,000 6,000 6,000	1,12,000
30	Wages A/c To Outstanding Wages A/c (Being wages outstanding)	Dr.		20,000	20,000
	<b>Total</b>			<b>6,01,520</b>	<b>6,01,520</b>

### Explanatory notes

1) Entry on April 9

a) Invoice price	=	₹	60,000
Less: 10% trade discount	=	- ₹	6,000
Value of goods		₹	54,000
Add: 9% CGST	+	₹	4,860
9% SGST	+	₹	4,860
Total value		₹	63,720

(1/3)

₹ 21,240

(2/3)

₹ 42,480

Less: 5% Discount on ₹ 18000 = ₹ 900

Cash received = ₹ 20,340



### Activity :

- 1) Journalise and collect GST Bills of 10 transactions incurred from your pocket money.
- 2) From your household/family transactions of a month, prepare Journal.
- 3) Collect minimum 10 computer generated home appliances bills and prepare Journal.
- 4) Visit C.A. Office and collect information about various Accounting Systems.

**Q.1 A) Answer in One Sentence:**

- 1) What is Journal ?
- 2) What is Narration ?
- 3) What is GST ?
- 4) In which year GST was imposed by the Central Government of India ?
- 5) What is meant by simple entry ?
- 6) What is the meaning of combined entry ?
- 7) Which account is debited, when rent is paid by Debit card ?
- 8) Which discount is not recorded in the books of account ?
- 9) In which order monthly transactions are recorded in a Journal ?
- 10) Which account is credited, when goods are sold on credit ?

**Q.2 Give one word/term or phrase for each of the following statements:**

- 1) A book of prime entry.
- 2) The tax imposed by Central Government on Goods and Services
- 3) Brief explanation of an entry.
- 4) The process of recording transactions in the Journal.
- 5) The French word from which the word Journal is derived.
- 6) Concession given for immediate payment.
- 7) Entry in which more than one accounts are to debited or credited.
- 8) Anything taken by proprietor from business for his private use.
- 9) Tax payable to the Government on purchase of goods.
- 10) Page number of the ledger.

**Q.3 Select the most appropriate alternative from the alternatives given below and rewrite the statement.**

- 1) ..... means explanation of the transactions recorded in the Journal.  
a) Narration      b) Journalising      c) posting      d) Casting
- 2) ..... discount is not recorded in the books of accounts.  
a) Trade      b) Cash      c) GST      d) VAT
- 3) Recording of transaction in Journal is called .....  
a) posting      b) journalising      c) narration      d) prime entry
- 4) Every Journal entry require .....  
a) casting      b) posting      c) narration      d) journalising
- 5) The ..... column of the Journal is not recorded at the time of journalising.  
a) date      b) particulars      c) ledger folio      d) amount

- 6) Goods sold on credit should be debited to .....  
 a) purchase A/c    b) customer A/c    c) sales A/c    d) cash A/c
- 7) Wages paid for installation of Machinery should be debited to .....  
 a) wages A/c    b) machinery A/c    c) cash A/c    d) Installation A/c
- 8) The commission paid to the agent should be debited to .....  
 a) drawing A/c    b) cash A/c    c) commission A/c    d) Agent A/c
- 9) Loan taken from Dena Bank should be credited to .....  
 a) Capital A/c    b) Dena Bank A/c    c) Cash A/c    d) Dena Bank Loan A/c
- 10) Purchase of animals for cash should be debited to .....  
 a) Live stock A/c    b) Goods A/c    c) Cash A/c    d) Bank A/c

**Q.4 State whether the following statements are True or False with reasons.**

- 1) Narration is not required for each and every entry.
- 2) A journal voucher is must for all transactions recorded in the Journal.
- 3) Cash discount allowed should be debited to discount A/c.
- 4) Journal is a book of prime entry.
- 5) Trade discount is recorded in the books of accounts.
- 6) Goods lost by theft is debited to goods A/c.
- 7) If rent is paid to landlord, landlord's A/c should be debited.
- 8) Book Keeping records monetary and non-monetary transactions.
- 9) Drawings made by the proprietor increases his capital.
- 10) GST paid on purchase of goods Input tax A/c should be debited.

**Q.5 Fill in the blanks.**

- 1) The first book of original entry is the .....
- 2) The process of recording transaction into journal is called .....
- 3) An explanation of the transaction recorded in the journal .....
- 4) ..... discount is not recorded in the books of accounts.
- 5) ..... is concession allowed for bulk purchase of goods or for immediate payment.
- 6) Every Journal Entry requires .....
- 7) ..... discount is always recorded in the books of accounts.
- 8) ..... is the document on the basis of which the entry is recorded in journal.
- 9) There are ..... parties to a cheque.
- 10) The ..... cheque is more safe than other cheques as it cannot be encashed on the counter of the bank.

**Q.6**

- 1) Prepare specimen of Tax Invoice
- 2) Prepare specimen of Receipt
- 3) Prepare specimen of Crossed cheque
- 4) Prepare specimen of Cash voucher.

**Q.7 Correct the following statements and rewrite the statements**

- 1) All business transactions are recorded in the Journal.
- 2) Cash discount is not recorded in the books of accounts.
- 3) Journal is a book of Secondary entry.
- 4) GST is imposed by the Government of India from 1st July 2018.
- 5) Machinery purchased by the Proprietor decreases his capital.

**Q.8 Do you agree or disagree with following statements.**

- 1) Narration is required for every entry.
- 2) GST stands for Goods and Sales Tax.
- 3) Trade discount is not recorded in the books of accounts.
- 4) Wages paid for installation of Machinery is debited to Wages Account.
- 5) The process of entering or recording the transactions in a Journal is called as Journalising.

**Q.9 Calculate the following :**

- 1) Purchased Motor Car from Tata & Company worth ₹ 2,00,000 at 18% GST. Find out GST amount.
- 2) Paid Transport charges ₹ 10,000 @ 5% GST. Calculate CGST & SGST.
- 3) Bought goods from Ranjan ₹ 10,000 @ 5% GST and 10% cash discount. Calculate cash discount.
- 4) Received cheque of ₹ 90,000 from Kiran in full settlement of his account ₹ 1,00,000/-. Calculate discount rate.
- 5) Sold goods of ₹ 1,00,000 at 10%. Trade Discount and 10% cash discount to Ram and received 50% amount by cheque. Calculate the amount of cheque received.



**Q.10 Complete the following table.**

Sr. No.	Transactions	Debit Amount (₹)	Credit Amount (₹)
1	Paid Income Tax ₹ 5,000 by cheque	? -	- Bank A/c
2	Received from Sonali ₹ 20,000 by RTGS.	Bank a/c -	- ?
3	Sanjay became insolvent and not received ₹ 500	? -	- Sanjay A/c
4	Purchased Horse for ₹ 10,000	? -	- Cash A/c
5	Transferred from Fixed deposit A/c of proprietor to business Bank A/c ₹ 50,000	Bank A/c -	- ?

**PRACTICAL PROBLEMS**

**1. Journalise the following transactions in the books of Anand General Merchants.**

2019

- April 1 Mr. Anand started business with cash ₹ 60,000.  
 5 Purchased goods for cash ₹ 30,000.  
 7 Sold goods of ₹ 10,000 to Suresh.  
 10 Purchased Furniture from Mr. Govind on credit ₹ 30,000.  
 15 Paid for Rent ₹ 3000 and paid by debit card.  
 21 Purchased goods from Urmila on credit ₹ 70,000.  
 27 Paid for Transport ₹ 1,000 to United Transport.  
 30 Paid to Urmila ₹ 20,000 on behalf of Sharmila.

**2. Journalise the following transactions in the books of Gajanan**

2019

- May 3 Purchased goods for ₹ 90,000 and amount paid by Bank directly  
 7 Sold goods to Satish on credit ₹ 30,000.  
 9 Paid for Postage ₹ 10,000  
 12 Paid for Wages ₹ 15,000.  
 15 Received cheque of ₹ 30,000 from Sati.  
 21 Received Dividend ₹ 5000.  
 25 Purchased Laptop of ₹ 40,000 and paid by cheque.  
 28 Deposited cash ₹ 10,000 into State Bank of India.  
 31 Purchased goods for ₹ 40,000 and paid by RTGS

**3. Journalise the following transactions in the books of Ashok General Stores.**

2019

- May 1 Received ₹ 5,000 from Ram on behalf of Bharat.  
4 Purchased Goods for cash ₹ 55,000.  
8 Paid for Salary ₹ 8,000.  
12 Purchased goods from Ganesh ₹ 30,000 on credit.  
17 Sold goods to Mrs. Neha ₹ 60,000 on credit.  
20 Purchased Machinery of ₹ 80,000 @ 12% GST and amount paid by cheque.  
25 Paid to SG & Sons by cheque ₹ 30,000.  
28 Received Commission ₹ 10,000 from Ganesh.  
30 Paid Rent ₹ 5000.  
31 Purchased Shares of Atul Company Ltd. for ₹ 10,000 through Demat account.

**4. Journalise the following transactions in the books of Sanjay General Stores.**

2019

- June 1 Started business with cash ₹ 50,000, Bank ₹ 1,00,000, Goods worth ₹ 50,000.  
5 Purchased goods from Mohan on credit ₹ 80,000 at 10% Trade Discount.  
9 Sold goods to Urmila ₹ 30,000 at 5% Trade Discount.  
12 Paid in to Dena Bank ₹ 40,000.  
15 Goods worth ₹ 5000 distributed as free sample.  
22 Paid for Commission ₹ 5,000 to Anand.  
24 Received ₹ 28,000 from Urmila in full settlement of her account by Debit Card.  
29 Paid for Advertisement ₹ 9,000/  
30 Purchased Laptop for ₹ 20,000 @28% GST and amount paid by NEFT.

**5. Journalise the following transactions in the books of Kunal Stores.**

2018

- August 1 Purchased goods of ₹ 90,000 at 10% Trade Discount and 10% Cash Discount from Rakesh and 1/3rd amount paid by cheque.  
5 Opened current account in State Bank of India by depositing ₹ 60,000.  
8 Cash purchases ₹ 85,000.  
10 Goods sold on credit to Tushar ₹ 20,000 @ 10% Trade Discount.  
12 Paid Salary ₹ 4,000.  
16 Tushar returned goods of ₹ 250.  
17 Goods taken by Kunal for his private use ₹ 2,000.  
20 Purchased Laptop of ₹ 40,000 from Joshi Electronics @18% GST and paid by cheque.  
22 Rent paid by cheque ₹ 15,000.  
25 Purchased Motor car worth ₹ 2,00,000 for cash @ 18% GST and paid by Bank.  
26 Goods distributed as free sample ₹ 4,000.  
28 Purchased goods from Amit of ₹ 60,000 on credit.  
30 Paid by ECS cash to Amit ₹ 58,500, who allowed us discount ₹ 1,500.  
30 Sold goods ₹ 5,000 at a loss of ₹ 1,000  
31 Sold goods for ₹ 20,000.

## 6. Journalise the following transactions in the books of Nina General Stores

2018

- Sept 1 Sold goods of ₹ 50,000 at 10% Trade Discount and 10% Cash Discount to Raj and received 50% by cheque and 20% by cash.
- 3 Bought goods worth ₹ 60,000 from Prashant at 7.5% Trade Discount and half amount paid by cash.
- 5 Returned goods worth ₹ 550 to Prashant.
- 7 Sold goods worth ₹ 90,000 to Ranvir on credit at 10% Trade Discount.
- 12 Received Commission ₹ 4,500.
- 15 Received cheque of ₹ 80,000 from Ranvir in full settlement of his account.
- 18 Purchased Computer worth ₹ 80,000 from Reliance Company by cheque at 28% GST.
- 22 Wages paid ₹ 13,000.
- 23 Paid for Life Insurance premium ₹ 17,000.
- 27 Sold goods worth ₹ 28,000 to Tushar who paid us ₹ 18,000 immediately

## 7. Journalise the following transactions in the books of Varun

2018

- Oct 1 Purchased Machinery of ₹ 95,000 and paid ₹ 5,000 for freight.
- 3 Purchased goods for ₹ 1,50,000 and amount paid by Bank.
- 6 Purchased Laptop from Nagesh & Co. worth ₹ 1,80,000 @ 18% GST.
- 10 Paid into Bank of Baroda ₹ 70,000.
- 12 Paid for Rent ₹ 4,000 and Commission ₹ 3,000.
- 15 Bought goods from Tushar Company Ltd. ₹ 1,20,000 at 12% GST and paid 1/2 amount by RTGS.
- 16 Cash purchases ₹ 50,000 amount paid by cheque.
- 20 Invoiced goods to Satish ₹ 80,000 at 12% GST and amount received by cheque.
- 25 Paid for Telephone charges ₹ 90,000
- 27 Mrs. Varsha bought goods from us ₹ 90,000 at 12% Trade Discount.
- 28 Purchased goods from Abhijeet & Sons ₹ 1,50,000 at 18% GST.
- 30 Paid to Abhijeet & Sons and received 10% Cash Discount by cheque.
31. Paid for Advertisement ₹ 8,000 and Brokerage ₹ 12,000.

## 8. Journalise the following transactions in the books of Dhoni Auto Car Centre

2018

- Nov 1 Sold 1,000 shares for ₹ 100 each and paid brokerage @ 1% and amount credited to our account.
- 4 Purchased goods from Ashish & Co. of ₹ 2,00,000.
- 6 Sold goods to Virat & Co. ₹ 1,50,000.
- 8 Paid for Advertisement ₹ 30,000 to Times of India.
- 10 Paid for Printing and Stationery ₹ 7,000.
- 12 Purchased goods from Prakash & Co. 1,50,000 @18% GST.
- 15 Paid for Transport charges ₹ 10,000 @12% GST.
- 20 Purchased goods from Vikram & Sons ₹ 1,20,000 @ 18% GST and paid half the amount immediately.
- 25 Paid to Prakash & Co. less 10% discount.
- 30 Invoiced Goods to Sanjay ₹ 60,000.
- 31 Sanjay returned goods of ₹ 10,000.
- 31 Sanjay became insolvent and recovered only 50 paise in a rupee as final settlement from him.

## 9. Journalise the following transactions in the books of Hero Enterprises.

Balance on 1st April 2019

Cash at Bank ₹ 80,000, Sundry Debtors Ram ₹ 20,000, Rahim ₹ 30,000, Stock ₹ 55,000, Building ₹ 1,50,000.

Credit Balances on 1st April 2019

Sundry Creditors Swapna ₹ 20,000, Rohit ₹ 30,000, Bank Loan ₹ 50,000.

2019

- April 1 Purchased goods worth ₹ 1,50,000 from Prashant & Co., less 10% Trade Discount.
- 4 Sold goods to Mr. Amit Sharma ₹ 70,000 at 10% Trade Discount on credit.
- 9 Purchased goods for cash ₹ 2,00,000 @28% GST amount paid by NEFT.
- 12 Sold Goods to Aditya Ray of ₹ 90,000 @28% GST.
- 15 Paid for Rent ₹ 5000 and Salary ₹ 18,000.
- 17 Paid for Proprietor's house Rent ₹ 12,000.
- 20 Sold half of the goods purchased on 9th April at 20% Profit and 28% GST.
- 25 Paid for Wages ₹ 1,500.
- 25 Purchased Furniture ₹ 1,80,000 @12% GST and amount paid by RTGS.
- 28 Sold an old Furniture of ₹ 20,000 for ₹ 12,000.
- 30 Sold shares of ₹ 10,000 for ₹ 15,000 and amount received by cheque.

**10. Journalise the following transactions in the books of Harbhajan & Co. for the month of 1st April 2019.**

Balance on 1st April 2019

Cash in hand ₹ 35,000, Cash at Bank ₹ 25,000, Furniture ₹ 1,50,000, Laptop ₹1,00,000,

Debtors : Sangita ₹ 40,000, Viru ₹ 30,000

2019

Creditors : Ganesh ₹ 10,000, Garima ₹ 40,000, Bank loan ₹ 50,000.

- April 1 Purchased goods from Ajay kumar worth ₹ 2,50,000 at 10% Trade discount @18% GST and paid 1/4 amount in Cash.
- 5 Purchased shares of Infosysis Company ₹ 50,000 and ₹ 500 paid as brokerage by DematA/c.
- 8 Sold goods to Raj worth ₹ 90,000 at 10% Trade discount and 1/3 amount received by cash and 5% cash discount is allowed.
- 12 Paid house rent of proprietor ₹ 9,000 and office rent ₹ 5,000.
- 15 Purchased Laptop of ₹ 60,000 @ 18% GST and paid amount by cheque.
- 20 Paid transport charges on the above Laptop ₹ 1,000 @ 18% GST.
- 25 Paid Commission ₹ 20,000 to Ram.
- 26 Paid Telephone Charges ₹ 1,000.
- 28 Transferred from private Bank A/c of proprietor to business Bank A/c ₹ 40,000.
- 30 Bought goods for ₹ 1,50,000 @ 12% as GST by cheque.
- 30 Exchanged our Furniture of ₹ 30,000 against a Motor car of the same value for business.



**Activity**

1. Journalise your family transactions for a month.
2. Collect various types of GST bills and compare the rates.
3. Collect different types of documents used for accounting.

