

## NCERT Solutions for Class 11 Accountancy Financial

### Accounting Part-1 Chapter 4

#### Recording of Transactions – II

Short answers : Solutions of Questions on Page Number : 142

**Q1 :**

**Briefly state how the cash book is both journal and a ledger?**

**Answer :**

Transactions are recorded directly from source documents in the Cash Book, so there is no need to record transactions in the Journal book. Further, on the basis of the cash transactions recorded in the Cash Book, cash and bank balances can be determined, and so there is no need to prepare cash account (which is a part of ledger) separately. Thus, the Cash Book serves the purpose of both Journal as well as ledger.

**Q2 :**

**What is the purpose of contra entry?**

**Answer :**

Contra entry represents deposits or withdrawals of cash from bank or vice versa. The purpose of contra entry is to indicate the transactions that effect both cash and bank balances. This entry does **not** affect the financial positions of a business. A contra entry is recorded in both sides of a two column Cash Book and is denoted by 'C' in the ledger folio column.

**Q3 :**

**What are special purpose books?**

**Answer :**

Business transactions are large in number and difficult to record; so, journal is sub-divided for quick, efficient and accurate recording of the business transactions. Special purpose books like, sales book and purchases book are maintained for those transactions that are routine and repetitive in nature. Recording through these books is economical and enables division of work among accountants.

**Q4 :**

**What is petty cash book? How it is prepared?**

**Answer :**

Petty Cash Book is used for recording payment of petty expenses, which are of smaller denominations like postage, stationery, conveyance, refreshment, etc. Person who maintains petty cash book is known as petty cashier and these small expenses are termed as petty expenses.

It is prepared by two methods:

1. **Ordinary system:** In this case, a fixed sum of money is paid to petty cashier for the payment of petty expenses and after spending the whole amount, the account is submitted by the petty cashier to the main cashier.
2. **Imprest system:** In this case, a fixed sum of the money is given to the petty cashier in the beginning of a period and at the end of the period the amount spent by him is reimbursed, so that he has a fixed amount in the beginning of every new period.

**Q5 :**

**Explain the meaning of posting of journal entries?**

**Answer :**

Posting is the process of transferring the business transactions from Journal to ledgers.

Every transaction is first recorded in the Journal and subsequently transferred to their respective accounts.

**Q6 :**

**Define the purpose of maintaining subsidiary journal.**

**Answer :**

The process of accounting starts from identification of financial and non-financial events. Financial events are first recorded in a Journal. A small business has lesser number of transactions and thereby it may be possible to record these transactions through Journal entry. However, on the contrary, as the business grows, there will be voluminous number of transactions and the firm may experience difficulty, thereby it becomes tedious to record through Journal entry. Thus, in order to save time and effort, it is recommended to sub-divide Journal. Sub-division of Journal provides scope for division of work. This leads to the improvement of efficiency and effectiveness and infuses higher degree of accountability to the accountants for the specific subsidiary Journal assigned to them. The purposes of maintaining subsidiary Journal are given below.

1. It saves time and efforts in recording.
2. It enables division of work, leading to an enhancement of efficiency and effectiveness, as particular accountant takes care of particular books.
3. It also makes each accountant more responsible and accountable for the books assigned to them.
4. It records routine and repetitive transactions at one place, which leads to easy accessibility of information and hassle-free communication.

**Q7 :**

**Write the difference between return inwards and return outwards.**

**Answer :**

<b>Basis of Difference</b>	<b>Return Inwards</b>	<b>Return Outwards</b>
Meaning	Goods sold to the customers, are returned by them.	Goods purchased are returned to the suppliers.
Balance	It has debit balance.	It has credit balance.
Treatment	It is deducted from Sales in the Trading Account.	It is deducted from Purchases in the Trading Account.
Issued	Credit note is prepared by the seller.	Debit note is prepared by the buyer.
Reduction	It reduces the payment from the Debtors.	It reduces the payment made to the Creditors.
Term	It is also termed as Sales Returns.	It is also termed as Purchases Returns.

**Q8 :**

**What do you understand by ledger folio?**

**Answer :**

Ledger folio is a page number of an account in ledger that is written in the L.F. column of a journal format. In journal entry, ledger folio number is written corresponding to the name of the account in the L.F. column. It helps in easy locating of the account in the ledger book. It reduces the time in recording and rechecking.

**Q9 :**

**What is difference between trade discount and cash discount?**

**Answer :**

<b>Basis of Difference</b>	<b>Trade Discount</b>	<b>Cash Discount</b>
Meaning	It is allowed when goods are purchase or sold.	It is allowed at the time of payment.
Recording in books	It is recorded in invoice/bill but <b>not</b> in the books.	It is recorded in the discount column of the Cash Book's debit side, if allowed, and credit side, if received.
Purpose	It is allowed to increase sale.	It is allowed for earlier payment.
Deduction	It is deducted from the price-list of the goods.	It is <b>not</b> deducted from the price-list of the goods.

**Q10 :**

**Write the process of preparing ledger from a journal.**

**Answer :**

The process of preparing ledger from Journal can be explained with the help of an example. Let us suppose that machinery is purchased from Mr. X, so, the journal entry will be:

Machinery A/c  To Mr. X Account	Dr.
---------------------------------------	-----

In this example, Machinery Account is debited and Mr. X Account is credited. Let us understand the process of preparing ledger from the journal entry.

**Account which is debited in the entry:**

**Step 1:** Identify the account in ledger that is debited, i.e., 'Machinery Account'.

**Step 2:** Enter date in the debit side of the 'Machinery Account' in the 'Date' column.

**Step 3:** Enter the name of the account as 'Mr. X Account' (which is credited in the entry) in the 'Particulars' column in the debit side of the Machinery Account.

**Step 4:** Enter the page number of the journal, where the entry is recorded in the 'J.F.' (journal folio) column.

**Step 5:** Post the corresponding amount in the 'Amount' column, which is recorded against 'Machinery Account' in the journal entry.

**Account which is credited in entry:**

**Step 1:** Identify the account in ledger that is credited, i.e., 'Mr. X Account'.

**Step 2:** Enter date in the credit side of 'Mr. X Account' in the 'Date' column.

**Step 3:** Enter the name of the account as 'Machinery Account' (which is debited in the entry) in the 'Particulars' column in the credit side of the 'Machinery Account'.

**Step 4:** Enter the page number of the journal where the entry is recorded in the 'J.F.' (journal folio) column.

**Step 5:** Post the corresponding amount in the 'Amount' column, which is recorded against 'Mr. X Account' in the journal entry.

**Q11 :**

**What do you understand by Imprest amount in petty cash book?**

**Answer :**

Imprest amount is an amount of money given by the main cashier to the petty cashier in the beginning of a period. At the end of the period, the amount spent by the petty cashier gets reimbursed in such a manner, that he has the same amount of cash in hand in the beginning of next period. For example, if the main cashier gives an imprest amount of Rs 1,000 to the petty cashier on April 01, 2011 and at the end of the month the petty expenses amount to be Rs 850, which is spent by the petty cashier during the month. In this case, Rs 850 will be reimbursed, so, that on May 01, 2011, the petty cashier will have Rs 1,000 at his disposal to meet petty expenses for the next month.

**Long answers :** Solutions of Questions on Page Number : 142

**Q1 :**

**Explain the need for drawing up the special purpose books.**

**Answer :**

The needs for drawing up the special purpose book are given below.

1. **Quick and efficient recording:** It is a time consuming process to record all the transactions in a journal. If there are separate books, then recording of transactions can be done more efficiently and timely. So, the need of special purpose book arises.
2. **Repetitive nature:** In every business, some transactions are similar and repetitive in nature. It will be more convenient to record all similar transactions at one place. For example, all credit sales transactions are recorded in the Sales Book.
3. **Economical:** It is more economical as recording through the special purpose books saves time and also enhances the efficiency of accountants and clerks.
4. **Easy posting:** If similar transactions are recorded at one place, posting becomes easier.
5. **Complete information at one place:** All information related to purchases, sales, cash receipts, payments, etc. are easily and hassle-free available.

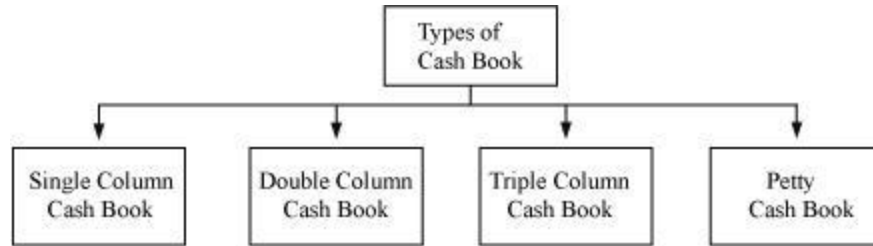
**Q2 :**

**What is cash book? Explain the types of cash book.**

**Answer :**

Cash Book is a book of original entry. It records all transactions related to receipts and payments of cash and deposits in and withdrawals from a bank in a chronological order. In the debit side of the cash book, the cash receipts are recorded in the cash column while all deposits into bank account are recorded in the bank column. On the contrary, in the credit side of the cash book, all

cash payments are recorded in the cash column, while all payments through cheques are recorded in the bank column. Usually, it is prepared on monthly basis. Cash book also serves the purpose of principle book (i.e. cash account and bank account).



1. **Single Column Cash Book:** A single column Cash Book contains one column of amount on both sides, i.e., one in the debit side and other in the credit side. In the single column Cash Book, only cash transactions are recorded. In the debit side of the Cash Book, all cash receipts are recorded, while in the credit side all cash payments are recorded.
2. **Double Column Cash Book:** A double column Cash Book contains two columns of amount, namely cash column and bank column on both sides. In the cash column of Cash Book, all cash receipts and payments are recorded, according to the rule of Real Accounts. All deposits either in cash or through cheques into the bank account of the business are debited in the bank column and all withdrawals of cash and payments through cheques are credited in the bank column.

### Cash Book

Dr.

Date	Particulars	L.F.	Cash Rs	Bank Rs	Date	Particulars
	Cash	(C)		-		Bank

3. **Triple Column Cash Book:** In a triple column Cash Book, there are three columns of amount namely, cash, bank and discount. Discount allowed and discount received are recorded in the discount column. While in the debit side, discount allowed is recorded along with the receipts, either in cash or through cheque; whereas, in the credit side, discount received is recorded, along with the payments made either in cash or by issuing cheques.
4. **Petty Cash Book:** This book is used for recording payment of petty expenses, which are of smaller denominations like, postage, stationery, conveyance, refreshment, etc. is known as Petty Cash Book.

Q3 :

**What is contra entry? How can you deal this entry while preparing double column cash book?**

**Answer :**

The transaction that is entered in either sides of the double column or three column cash book, affecting both cash and the bank balances concomitantly is called contra entry. These entries result in increase in cash balances and decrease in bank balances or vice versa. In other words, a debit of bank account leads to a credit of cash account and a credit of bank account leads to a debit of cash account. For example, Rs 200 cash deposited into bank. This transaction increases the bank amount on one hand; whereas, on the other hand reduces the cash balance. In this entry, in the debit side of the cash book, 'Cash' will be recorded with a balance of Rs 200 in the bank column and in the credit side of the cash book, 'Bank' will be recorded with a balance of Rs 200 in the cash column. This entry is a contra entry as it affects both cash and bank balance together. The contra entries are denoted by 'C'.

Some transactions that lead to contra entry are given below.

1. Opening a bank account
2. Depositing cash into bank
3. Withdrawal from bank

These transactions are recorded in a double column Cash Book as done below.

### Cash Book

**Dr.**

Date	Particulars	L.F.	Cash Rs	Bank Rs	Date	Particulars	L.F.
	Cash	(C)		-		Bank	(C)

**Q4 :**

**What is petty cash book? Write the advantages of petty cash book?**

**Answer :**

Petty Cash Book is used for recording payments of small expenses, which are of smaller denominations such as postage, stationery, conveyance, refreshment, etc. Person who maintains Petty Cash Book is known as petty cashier and these small expenses are termed as petty expenses.

It is prepared by the below given two methods.

1. **Ordinary system:** Under this system, a certain sum of money is given to the petty cashier for the payment of petty expenses. After spending the whole amount, the accounts are submitted by the petty cashier to the main cashier.
2. **Imprest system:** Under this system, a fixed sum of money is given to the petty cashier in the beginning of a period to meet the petty expenses to be incurred in that period. At the end of the period, the amount spent by the petty cashier is reimbursed. So, the petty cashier has the same fixed amount of money in the beginning of the next period.

The Performa of Petty Cash Book is given below.

### Petty Cash Book

**Dr.**

Amount Received	Date	Particulars	Voucher No.	Amount Paid Rs	Analysis of P			
					Postage	Stationery	Conveyance	Tele a Tel

**Advantages of Petty Cash Book:**

**Simple method:** Recording of transactions in a petty cash book is easy. In an analytical Petty Cash Book, there exists separate heads for different petty expenses, which makes recording much easier. Recording in a Petty Cash Book does **not** require formal knowledge of accounting principles and techniques.

**Time saving:** Recording in Petty Cash Book saves time and efforts of the chief cashier.

**Efficient control:** At the end of a period, Petty Cash Book is audited by the main cashier, so frauds and errors are less probable.

**Convenient handling:** Recording in Petty Cash Book is convenient, as entries are to be recorded under separate heads, which makes posting easier and quicker.

**Q5 :**

**Describe the advantages of sub-dividing the Journal.**

**Answer :**

The advantages of sub division of Journal are given below.

1. **Division of work:** The lack of sub-division of Journal may lead to chaos and confusions, if large numbers of transactions are to be recorded through Journal entry by more than one accountant. There will be more inflexibility and lack of accountability among the accountants. Sub-division of Journal into Subsidiary Books facilitates division of work. Sub-division enables different accountants to work on different books. This will **not** only avoid confusions but also enhance the sense of accountability among the accountants.
2. **Time saving:** The art of recording through subsidiary book is time efficient and more effective as compared to recording through Journal entries.
3. **Prompt information:** The transactions of similar nature are recorded in a particular Subsidiary Book. This acts as a ready source to access information quicker than through Journal entry.
4. **Creates Accountability:** Sub-division of Journal entrusts accountants with higher degree of responsibility and accountability for maintaining subsidiary book that are assigned to them.
5. **Easy checking:** In case discrepancies or errors arise, they can be easily located and rectified, as lesser number of transactions is recorded in a Subsidiary Book than in a Journal.
6. **Specialisation:** The accountability, responsibility and division of work together enhance the specialisation of each accountant. This is because, routine and repetitive tasks are performed by each accountant.

**Q6 :**

**What do you understand by balancing of account?**

**Answer :**

Accounts are prepared on weekly, fortnightly, monthly, quarterly or on daily basis. At the end of each period they are balanced. The balancing of the accounts is done in the manner given below.

1. The totals of the debit and credit of an account is calculated, to ascertain which one of them is higher.
2. The higher figure among debit and credit side is written in the grand total cell on both sides of the account, i.e., in debit and in credit side.
3. The next step is to ascertain the difference between the debit total and the credit total. This difference is called 'Closing Balance' or 'Balance carried down', and is denoted by 'Balance c/d'.
4. The 'Balance c/d' will be shown either in the debit or credit side, whichever totals up into lower amount.
5. If 'Balance c/d' is written in the debit side, then the balance is called 'Credit balance'. On the other hand, if 'Balance c/d' is written in the credit side, then the balance is called 'Debit Balance'.
6. On closing the account, 'Balance c/d' is brought forward to the subsequent period, and it is written as 'Balance b/d'.

Usually, the closing balances of real and personal accounts are forwarded to the next period by this manner. For nominal accounts, Steps 1 to 3 remain same and they are closed by transferring the closing balances either to Trading Account or to Profit and Loss Account.

**Numerical questions :** Solutions of Questions on Page Number : 143

**Q1 :**

**Enter the following transactions in a simple cash book for December 2005:**

		<b>Rs</b>
01	Cash in hand	12,000
05	Cash received from Bhanu	4,000
07	Rent Paid	2,000
10	Purchased goods Murari for cash	6,000
15	Sold goods for cash	9,000
18	Purchase stationery	300
22	Cash paid to Rahul on account	2,000
28	Paid salary	1,000
30	Paid rent	500

**Answer :**

**Cash Book**

**Dr.**

**Cr.**

<b>Date</b>	<b>Particulars</b>	<b>L.F.</b>	<b>Amount Rs</b>	<b>Date</b>	<b>Particulars</b>	<b>L.F.</b>	<b>Amount Rs</b>
2005				2005			
Dec.01	Balance b/d		12,000	Dec.07	Rent		2,000
Dec.05	Bhanu		4,000	Dec.10	Purchases		6,000
Dec.15	Sales		9,000	Dec.18	Stationery		300
				Dec.22	Rahul		2,000
				Dec.28	Salaries		1,000
				Dec.30	Rent		500
				Dec.31	Balance c/d		13,200
			25,000				25,000



Q2 :

Record the following transaction in simple cash book for November 2005:

		<b>Rs</b>
01	Cash in hand	12,500
04	Cash paid to Hari	600
07	Purchased goods	800
12	Cash received from Amit	1,960
16	Sold goods for cash	800
20	Paid to Manish	590
25	Paid cartage	100
31	Paid salary	1,000

Answer :

**Cash Book**

**Dr.**

**Cr.**

Date	Particulars	L.F.	Amount Rs	Date	Particulars	L.F.	Amount Rs
2005				2005			
Nov.01	Balance b/d		12,500	Nov.04	Hari		600
Nov.12	Amit		1,960	Nov.07	Purchases		800
Nov.16	Sales		800	Nov.20	Manish		590
				Nov.25	Cartage		100
				Nov.30*	Salaries		1,000
				Nov.30*	Balance c/d		12,170
			15,260				15,260

\* Note: There is a misprint in the question as there is a transaction on November 31, which is not possible as there are only 30 days in the month of November.

Q3 :

Enter the following transaction in Simple cash book for December 2005:

		Rs
01	Cash in hand	7,750
06	Paid to Sonu	45
08	Purchased goods	600
15	Received cash from Parkash	960
20	Cash sales	500
25	Paid to S. Kumar	1,200
30	Paid rent	600

Answer :

**Cash Book**

**Dr.**

**Cr.**

Date	Particulars	L.F.	Amount Rs	Date	Particulars	L.F.	Amount Rs
2005				2005			
Dec.01	Balance b/d		7,750	Dec.06	Sonu		45
Dec.15	Prakash		960	Dec.08	Purchases		600
Dec.20	Sales		500	Dec.25	S. Kumar		1,200
				Dec.30	Rent		600
				Dec.31	Balance c/d		6,765
			9,210				9,210

Q4 :

Record the following transactions in a bank column cash book for December 2005:

		Rs
01	Started business with cash	80,000
04	Deposited in bank	50,000
10	Received cash from Rahul	1,000
15	Bought goods for cash	8,000
22	Bought goods by cheque	10,000
25	Paid to Shyam by cash	20,000
30	Drew from Bank for office use	2,000
31	Rent paid by cheque	1,000

Answer :

**Cash Book**

**Dr.**

**Cr.**

Date	Particulars	L.F.	Cash Rs	Bank Rs	Date	Particulars	L.F.	Cash Rs	Bank Rs
2005					2005				
Dec.01	Capital		80,000		Dec.04	Bank	C	50,000	
Dec.04	Cash	C		50,000	Dec.15	Purchases		8,000	
Dec.10	Rahul		1,000		Dec.22	Purchases			10,000
Dec.30	Bank	C	2,000		Dec.25	Shyam		20,000	
					Dec.30	Cash	C		2,000
					Dec.31	Rent			1,000
					Dec.31	Balance c/d		5,000	37,000
			83,000	50,000				83,000	50,000

Q5 :

Prepare a double column cash book with the help of following information for December 2005 :

	Rs
01 Started business with cash	1,20,000
03 Cash paid into bank	50,000
05 Purchased goods from Sushmita	20,000
06 Sold goods to Dinker and received a cheque	20,000
10 Paid to Sushmita cash	20,000
14 Cheque received on December 06, 2005 deposited into bank	
18 Sold goods to Rani	12,000
20 Cartage paid in cash	500
22 Received cash from Rani	12,000
27 Commission received	5,000
30 Drew cash for personal use	2,000

Answer :

**Cash Book**

**Dr.**

Date	Particulars	L.F.	Cash Rs	Bank Rs	Date	Particulars	L.F.	Cash Rs	Bank Rs
2005					2005				
Dec.01	Capital		1,20,000		Dec.03	Bank	C	50,000	
Dec.03	Cash	C		50,000	Dec.10	Sushmita		20,000	
Dec.06	Dinker		20,000		Dec.14	Bank	C	20,000	
Dec.14	Cash	C		20,000	Dec.20	Cartage		500	
Dec.22	Rani		12,000		Dec.30	Drawings	C	2,000	

Dec.27	Commission		5,000		Dec.31	Balance c/d		64,500	
			1,57,000	70,000				1,57,000	

Q6 :

Enter the following transactions in double column cash book of M/s Ambika Traders for November 2005:

		Rs
01	Commenced business with cash	50,000
03	Opened bank account with ICICI	30,000
05	Purchased goods for cash	10,000
10	Purchased office machine for cash	5,000
15	Sales goods on credit from Rohan and received cheque	7,000
18	Cash sales	8,000
20	Rohan's cheque deposited into bank	
22	Paid cartage by cheque	500
25	Cash withdrawn for personal use	2,000
30	Paid rent by cheque	1,000

Answer :

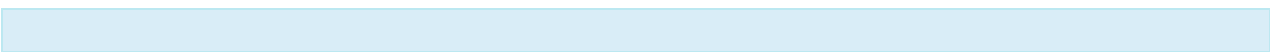
**Books of M/s. Ambika Traders**

**Cash Book**

**Dr.**

Date	Particulars	L.F.	Cash Rs	Bank Rs	Date	Particulars	L.F.	Cash Rs	Bank Rs
2005					2005				
Nov.01	Capital		50,000		Nov.03	Bank	C	30,000	
Nov.03	Cash	C		30,000	Nov.05	Purchases		10,000	
Nov.15	Rohan		7,000		Nov.10	Office Machine		5,000	

Nov.18	Sales		8,000		Nov.20	Bank	C	7,000	
Nov.20	Cash	C		7,000	Nov.22	Cartage			
					Nov.25	Drawings		2,000	
					Nov.30	Rent			1,000
					Nov.30	Balance c/d		11,000	35,000
			65,000	37,000				65,000	37,000



Q7 :

Prepare double column cash book from the following information for September 2005:

		Rs
01	Cash in hand	7,500
	Bank overdraft	3,500
03	Paid wages	200
05	Cash sales	7,000
10	Cash deposited into bank	4,000
15	Goods purchased and paid by cheque	2,000
20	Paid rent	500
25	Drew from bank for personal use	400
30	Salary paid	1,000

Answer :

**Cash Book**

**Dr.**

Date	Particulars	L.F.	Cash Rs	Bank Rs	Date	Particulars	L.F.	Cash Rs	Bank Rs
2005					2005.				
Sep.01	Balance b/d		7,500		Sep.01	Balance b/d (Overdraft)			3,500
Sep.05	Sales		7,000		Sep.03	Wages		200	

Sep.10	Cash	C		4,000	Sep.10	Bank	C	4,000	
					Sep.15	Purchases			2,000
					Sep.20	Rent		500	
					Sep.25	Drawings			400
					Sep.30	Salaries		1,000	
Sep.30	Balance c/d (Over draft)			1,900	Sep.30	Balance c/d		8,800	
			14,500	5,900				14,500	5,900

Q8 :

Enter the following transaction in a double column cash book of M/s Mohit Traders for January 2005:

	<b>Rs</b>
01 Cash in hand	3,500
Bank overdraft	2,300
03 Goods purchased for cash	1,200
05 Paid wages	200
10 Cash sales	8,000
15 Deposited into bank	6,000
22 Sold goods for cheque which was deposited into bank same day	2,000
25 Paid rent by cheque	1,200
28 Drew from bank for personal use	1,000
31 Bought goods by cheque	1,000

Answer :

**Books of M/s. Mohit Traders**  
**Cash Book**

**Dr.**

Date	Particulars	L.F.	Cash Rs	Bank Rs	Date	Particulars	L.F.	Cash Rs
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2005					2005		
Jan.01	Balance b/d		3,500		Jan.01	Balance b/d (overdraft)	
Jan.10	Sales		8,000		Jan.03	Purchases	1,200
Jan.15	Cash	C		6,000	Jan.05	Wages	200
Jan.22	Sales			2,000	Jan.15	Bank	C 6,000
					Jan.25	Rent	
					Jan.28	Drawings	
					Jan.31	Purchases	
					Jan.31	Balance c/d	4,100
			11,500	8,000			11,500

Q9 :

**Prepare double column cash book from the following transactions for the year December 2005:**

	<b>Rs</b>
01 Cash in hand	17,500
Cash at bank	5,000
03 Purchased goods for cash	3,000
05 Received cheque from Jasmeet	10,000
08 Sold goods for cash	7,000
10 Jasmeet's cheque deposited into bank	
12 Purchased goods and paid by cheque	20,000
15 Paid establishment expenses through bank	1,000
18 Cash sales	7,000
20 Deposited into bank	10,000
24 Paid trade expenses	500
27 Received commission by cheque	6,000
29 Paid Rent	2,000
30 Withdrew cash for personal use	1,200
31 Salary paid	6,000



Answer :

[[S]]

**Cash Book**

**Dr.**

Date	Particulars	L.F.	Cash Rs	Bank Rs	Date	Particulars	L.F.	Cash Rs	Bank Rs
2005					2005				
Dec.01	Balance b/d		17,500	5,000	Dec.03	Purchases		3,000	
Dec.05	Jasmeet		10,000		Dec.10	Bank	C	10,000	
Dec.08	Sales		7,000		Dec.12	Purchases			20,000
Dec. 10	Cash	C		10,000	Dec.15	Establishment Expenses			1,000
Dec.18	Sales		7,000		Dec.20	Bank	C	10,000	
Dec.20	Cash	C		10,000	Dec.24	Trade Expenses		500	
Dec.27	Commission			6,000	Dec.29	Rent		2,000	
					Dec.30	Drawings		1,200	
					Dec.31	Salaries		6,000	
					Dec.31	Balance c/d		8,800	10,000
			41,500	31,000				41,500	31,000

Q10 :

M/s Ruchi trader started their cash book with the following balances on Dec. 01 2005 : cash in hand Rs 1,354 and balance in bank current account Rs 7,560. He had the following transaction in the month of December, 2005:

	Rs
03 Cash sales	2,300
05 Purchased goods, paid by cheque	6,000
08 Cash sales	10,000
12 Paid trade expenses	700
15 Sales goods, received cheque (deposited same day)	20,000

18	Purchased motor car paid by cheque	15,000
20	Cheque received from Manisha (deposited same day)	10,000
22	Cash Sales	7,000
25	Manisha's cheque returned dishonoured	
28	Paid Rent	2,000
29	Paid telephone expenses by cheque	500
31	Cash withdrawn for personal use	2,000

**Prepare bank column cash book**

Answer :

**Books of M/s. Ruchi Trader**

**Cash Book**

**Dr.**

Date	Particulars	L.F.	Cash Rs	Bank Rs	Date	Particulars	L.F.	Ca Rs
2005					2005			
Dec.01	Balance b/d		1,354	7,560	Dec.05	Purchases		
Dec.03	Sales		2,300		Dec.12	Trade Expenses		
Dec.08	Sales		10,000		Dec.18	Motor Car		
Dec.15	Sales			20,000	Dec.25	Manisha (Dishonour)		
Dec.20	Manisha			10,000	Dec.28	Rent		2,
Dec.22	Sales		7,000		Dec.29	Telephone Expenses		
					Dec.31	Drawings		2,
					Dec.31	Balance c/d		15,
			20,654	37,560				20,

Q11 :

Prepare petty cash book from the following transactions. The imprest amount is Rs 2,000.

January		Rs
01	Paid cartage	50
02	STD charges	40
02	Bus fare	20
03	Postage	30
04	Refreshment for employees	80
06	Courier charges	30
08	Refreshment of customer	50
10	Cartage	35
15	Taxi fare to manager	70
18	Stationery	65
20	Bus fare	10
22	Fax charges	30
25	Telegrams charges	35
27	Postage stamps	200
29	Repair on furniture	105
30	Laundry expenses	115
31	Miscellaneous expenses	100

Answer :

**Petty Cash Book**

Amount Received Rs	Date	Particulars	Voucher No.	Amount Paid Rs	Analysis of P			
					Telephone Telegram	Postage	Conveyance	Refr
2,000	Jan.01	Cash						
	Jan.01	Cartage		50				
	Jan.02	STD charges		40	40			
	Jan.02	Bus Fare		20			20	
	Jan.03	Postage		30		30		
	Jan.04	Refreshment for Employees		80				
	Jan.06	Courier charges		30		30		

Jan.08	Refreshment of customer	50	
Jan.10	Cartage	35	
Jan.15	Taxi Fare to Manager	70	70
Jan.18	Stationery	65	
Jan.20	Bus Fare	10	10

Q12 :

Record the following transactions during the week ending Dec. 30, 2005 with a weekly imprest Rs 500

		Rs
24	Stationery	100
25	Bus fare	12
25	Cartage	40
26	Taxi fare	80
27	Wages to casual labour	90
29	Postage	80

Answer :

**Petty Cash Book**

Amount Received Rs	Date	Particulars	Voucher No.	Amount Paid Rs	Analysis of Payments			
					Stationery	Conveyance	Cartage	Postage
500	2005 Dec.24	Cash						
	Dec.24	Stationery		100	100			
	Dec.25	Bus Fare		12		12		
	Dec.25	Cartage		40			40	
	Dec.26	Taxi Fare		80		80		
	Dec.27	Wages to Casual labour		90				
	Dec.29	Postage		80				80
				402	100	92	40	80

	Dec.30	Balance c/d		98		
	2005			500		
98	Dec.31	Balance b/d				
402	Dec.31	Cash				

Q13 :

**Enter the following transactions in the Purchase Journal (Book) of M/s Gupta Traders of July 2005:**

- 01 Bought from Rahul Traders as per invoice no. 20041  
 40 Registers @ Rs 60 each  
 80 Gel Pens @ Rs 15 each  
 50 note books @ Rs 20 each  
 Trade discount 10%.
- 15 Bought from Global Stationers as per invoice no. 1132  
 40 Ink Pads @ Rs 8 each  
 50 Files @ Rs 10 each  
 20 Color Books @ Rs 20 each  
 Trade Discount 5%
- 23 Purchased from Lamba Furniture as per invoice no. 3201  
 2 Chairs @ 600 per chair  
 1 Table @ 1,000 per table
- 25 Bought from Mumbai Traders as per invoice no. 1111  
 10 Paper Rim @ Rs 100 per rim  
 400 drawing Sheets @ Rs 3 each  
 20 Packet water colour @ Rs 40 per packet

Answer :

**Books of M/s. Gupta Traders**  
**Purchases Book**

Date	Invoice No.	Name of Supplier (Accounts to be credited)	L.F.	Details Rs	Amount Rs
2005					

July 01	20041	<b>Rahul Traders</b> 40 Registers @ Rs 60 each 80 Gel Pens @ Rs 15 each 50 Note Books @ Rs 20 each	2,400 1,200 1,000	
		<i>Less: Trade Discount 10%</i>	4,600 (460)	4,140
July 15	1132	<b>Global Stationeries</b> 40 Ink Pads @ Rs 8 each 50 Files @ Rs 10 each 20 Colour Books @ Rs 20 each	320 500 400	
		<i>Less: Trade discount 5%</i>	1,220 (61)	1,159
July 25	1111	<b>Mumbai Traders</b> 10 Paper Rim @ Rs 100 each 400 Drawing Sheet @ Rs 3 each 20 Packet Water Colour @ Rs 40 per pack	1,000 1,200 800	3,000
<b>Purchases Account</b>				8299

**Note: Furniture purchased from Lamba Traders will not be recorded in the Purchases Book as furniture is not to be considered as goods for the M/s Gupta Trader. This is because as per the transactions M/s. Gupta traders deals in stationery and not in furniture.**

**Note: Slight change in the Performa of subsidiary book is done. Here 'Details' column has been added in Purchase Book.**

Q14 :

Enter the following transactions in sales (journal) book of M/s. Bansal electronics:

**September**

- 01 Sold to Amit Traders as per bill no.4321  
 20 Pocket Radio @ 70 per Radio  
 2, T.V. set, B&W.(6.) @ 800 Per T.V.  
 10. Sold to Arun Electronics as per bill no.4351  
 5 T.V. sets (20.) B&W @ Rs 3,000 per T.V.  
 2 T.V. sets (21.) Colour @ Rs 4,800 per T.V.
- 22 Sold to Handa Electronics as per bill no.4,399  
 10 Tape recorders @ Rs 600 each  
 5 Walkman @ Rs 300 each
- 28 Sold to Harish Trader as per bill no.4430  
 10 Mixer Juicer Grinder @ Rs 800 each.

Answer :

**Books of M/s. Bansal Electronics**  
**Sales Book**

Date	Bill No.	Name of the Customer (Accounts to be debited)	L.F.	Details Rs	Amount Rs
Sept.01	4321	<b>Amit Traders</b> 20 Pocket Radio @ Rs 70 Per Radio 2 T.V. Set, B&W (6") @ Rs 800 per T.V.		1,400	3,000
				1,600	
Sept.10	4351	<b>Arun Electronics</b> 5 T.V. sets (20") B&W @ Rs 3,000 per T.V. 2 T.V. sets (21") Colour @ Rs 4,800 per T.V.		15,000	24,600
				9,600	
Sept.22	4399	<b>Handa Electronics</b> 10 Tape Recorders @ Rs 600 each 5 Walkman @ Rs 300 each		6,000	7,500
				1,500	
Sept.28	4430	<b>Harish Traders</b> 10 Mixer Juicer Grinder @ Rs 800 each		8,000	8,000

		<b>Sales Account</b>			43,100
<hr/>					

Q15 :

**Prepare a purchases return (journal) book from the following transactions for January 2006.**

		Rs
05	Returned goods to M/s Kartik Traders	1,200
10	Goods returned to Sahil Pvt. Ltd.	2,500
17	Goods returned to M/s Kohinoor Traders for list price Rs 2,000 less 10% trade discount.	
28	Return outwards to M/s Handa Traders	550

Answer :

**Purchases Return Book**

Date	Debit Note No.	Name of Supplier (Account to be debited)	L.F.	Amount Rs
2006				
Jan. 05		M/s Kartik Traders		1,200
Jan. 10		Sahil Pvt. Ltd.		2,500
Jan. 17		M/s Kohinoor Trader		
		<i>List Price</i> 2,000		
		<i>Less: 10% Trade discount</i> (200)		1,800
Jan. 28		M/s Handa Traders		550
		<b>Purchases Return Account</b>		6,050
<hr/>				



Q16 :

**Prepare Return Inward Journal (Book) from the following transactions of M/s Bansal Electronics for November 2005:**

		Rs
04	M/s Gupta Traders returned the goods	1,500
10	Goods returned from M/s Harish Traders	800
18	M/s Rahul Traders returned the goods not as per specifications	1,200
28	Goods returned from Sushil Traders	1,000

Answer :

**Sales Return Book**

Date	Credit Note No.	Name of Customer (Account to be credited)	L.F.	Amount Rs
2005				
Nov.04		M/s Gupta Traders		1,500
Nov.10		M/s Harish Traders		800
Nov.18		M/s Rahul Traders		1,200
Nov.28		Sushil Traders		1,000
		<b>Sales Return Account</b>		<b>4,500</b>

Q17 :

**Prepare proper subsidiary books and post them to the ledger from the following transactions for the month of February 2006:**

		Rs
01	Goods sold to Sachin	5,000
04	Purchase from Kushal Traders	2,480
06	Sold goods to Manish Traders	2,100
07	Sachin returned goods	600

08	Returns to Kushal Traders	280
10	Sold to Mukesh	3,300
14	Purchased from Kunal Traders	5,200
15	Furniture purchased from Tarun	3,200
17	Bought of Naresh	4,060
20	Return to Kunal Traders	200
22	Return inwards from Mukesh	250
24	Purchased goods from Kirit & Co. for list price of <i>less</i> 10% trade discount	5,700
25	Sold to Shri Chand goods <i>less</i> 5% trade discount	6,600
26	Sold to Ramesh Brothers	4,000
28	Return outwards to Kirit and Co. <i>less</i> 10% trade discount	1,000
28	Ramesh Brothers returned goods Rs 500.	

Answer :

**Journal  
Purchases Book**

Date	Invoice No.	Name of Supplier (Accounts to be credited)	L.F.	Amount Rs
2006				
Feb.04		Kushal Traders		2,480
Feb.14		Kunal Traders		5,200
Feb.17		Naresh		4,060
Feb.24		Kirit and Co. <span style="float: right;">5,700</span>		
		<i>Less: Trade Discount 10%</i> <span style="float: right;">(570)</span>		5,130
		<b>Purchases Account</b>		<b>16,870</b>

**Sales Book**

<b>Date</b>	<b>Invoice No.</b>	<b>Name of Customer (Accounts to be debited)</b>	<b>L.F.</b>	<b>Amount Rs</b>
2006				
Feb. 01		Sachin		5,000
Feb.06		Manish Traders		2,100
Feb.10		Mukesh		

Q18 :

**The following balances of ledger of M/s Marble Traders on April 01, 2006**

	<b>Rs</b>
Cash in hand	6,000
Cash at bank	12,000
Bills receivable	7,000
Ramesh (Cr.)	3,000
Stock (Goods)	5,400
Bills payable	2,000
Rahul (Dr.)	9,700
Himanshu (Dr.)	10,000

**Transactions during the month were:**

<b>April</b>		<b>Rs</b>
01	Goods sold to Manish	3,000
02	Purchased goods from Ramesh	8,000
03	Received cash from Rahul in full settlement	9,200
05	Cash received from Himanshu on account	4,000
06	paid to Remesh by cheque	6,000
08	Rent paid by cheque	1,200
10	Cash received from manish	3,000
12	Cash sales	6,000
14	Goods returned to Ramesh	1,000
15	Cash paid to Ramesh in full settlement	3,700
16	Discount received	300
18	Goods sold to Kushal	10,000
20	Paid trade expenses	200

21	Drew for personal use	1,000
22	Goods return from Kushal	1,200
24	Cash received from Kushal	6,000
26	Paid for stationery	100
27	Postage charges	60
28	Salary Paid	2,500
29	Goods purchased from Sheetal Traders	7,000
30	Sold goods to Kirit	6,000
	Goods purchased from Handa Traders	5,000

**Journalise the above transactions and post them to the ledger.**

Answer :

**Books of M/s. Marble Traders**

**Journal**

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
2006	Cash A/c	Dr.	6,000	
Apr.01	Bank A/c	Dr.	12,000	
	Bills Receivable A/c	Dr.	7,000	
	Stock A/c	Dr.	5,400	
	Rahul's A/c	Dr.	9,700	
	Himanshu A/c	Dr.	10,000	
	To Ramesh's A/c			3,000
	To Bills Payable A/c			2,000
	To Capital A/c (Balancing figure )			45,100
	(Balance brought from last year)			
Apr.01	Manish	Dr.	3,000	
	To Sales A/c			3,000
	(Goods sold to Manish)			

