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Answers Key:

II.Answer any 4 questions.

1. The following steps are followed in journalising
(1) Analyse the transactions and identify the accounts (based on aspects) which are involved in the transaction.
(2) Classify the above accounts under Personal account, Real account or Nominal account
(3) Apply the rules of debit and credit for the above two accounts.
(4) Find which account is to be debited and which account is to be credited by the application of rules of double entry system.
(5) Record the date of transaction in the date column.
(6) Enter the name of the account to be debited in the particulars column very close to the left hand side of the particulars column followed by the abbreviation 'Dr.' at the end in the same line. Against this, the amount to be debited is entered in the debit amount column in the same line.
(7) Write the name of the account to be credited in the second line starting with the word 'To' prefixed a few spaces away from the margin in the particulars column. Against this, the amount to be credited is entered in the credit amount column in the same line.
(8) Write the narration within brackets in the next line in the particulars column.

2.

S.No.	Transaction	Cash Rs.	Stock Rs.	Bank Rs.	Furniture Rs.	Total Assets Rs.	=	Total Liabilities Rs.	Capital Rs.
a)	Started business with cash	+80,000							+80,000
	Balance	+80,000							+80,000
	Equation					+80,000	=	+80,000	
b)	Cash purchases	-30,000	+30,000						
	Balance	+50,000	+30,000						+80,000
	Equation					+80,000	=	+80,000	
c)	Paid salaries by cash	-5,000							-5,000
	Balance	+45,000	+30,000						+75,000
	Equation					+75,000	=	+75,000	
d)	Deposited money in CDM	-5,000	+5,000						
	Balance	+40,000	+35,000						+75,000
	Equation					+75,000	=	+75,000	
e)	Introduced additional capital	+10,000							+10,000
	Balance	+50,000	+35,000						+85,000
	Equation					+85,000	=	+85,000	

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3.

Date	Particulars		L.F	Debit Rs	Credit Rs
2017 Oct 1	Stock A/c	Dr		40,000	
	To Sasi Kumar's capital A/c				40,000
	(Business started with goods)				
3	Cash A/c	Dr		60,000	
	To Capital A/c				60,000
	(Capital introduced)				
4	Purchase A/c	Dr		70,000	
	To Arul's A/c				70,000
	(Credit Purchases)				
6	Arul's A/c	Dr		10,000	
	To Purchase return A/c				10,000
	(Goods returned to Arul)				
10	Arul's A/c	Dr		60,000	
	To Cash A/c				60,000
	(Cash Paid)				
15	Chandar's Alc	Dr		30,000	
	To SalesA/c				30,000
	(Credit Sales)				
18	Sales Return A/c	Dr		6,000	
	To Chandar's A/c				6,000
	(Goods returned from Chandar)				
20	Cash A/c	Dr		23,000	
	Discount A/c	Dr		1,000	
	To Chandar's A/c				24,000
	(Received cash from Chandar)				
25	Salaries A/c	Dr		2,000	
	To Bank A/c				2,000
	(Paid salaries)				
30	Drawings A/c	Dr		10,000	
	To Purchases A/c				10,000
	(Being goods taken away by proprietor for personal use)				

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4. In the books of Mary Journal Entries

Date	Particulars		L.F	Debit Rs	Credit Rs
2018 March 1	Cement bags A/c	Dr		20,000	
	To Sibi A/c				20,000
	(Cement bags bought on credit)				
2	Electricity charges A/c	Dr		500	
	To Bank A/c				500
	(Electricity charged paid by net banking)				
3	Sibi A/c	Dr		5,000	
	To Purchases return A/c				5,000
	(Goods returned to Sibi)				
4	Drawings A/c	Dr		1,000	
	To Purchases A/c				1,000
	(Being goods taken for personal use)				
5	Advertisements expenses A/c	Dr		2,000	
	To Cash A/c				2,000
	(Advertisement expenses paid)				
6	Mano A/c	Dr		20,000	
	To Sales A/c				20,000
	(Credit sales)				
7	Sales return A/c	Dr		5,000	
	To Mono A/c				5,000
	(Goods returned to Mano)				
8	Bank A/c	Dr		15,000	
	To Mano A/c				15,000
	(Payment received from Mano through NEFT)				

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5. **In the books of jeyaseeli Journal entries**

Date	Particulars	L.F.	Debit Rs	Credit Rs
2018 Jan. 1	Cash A/c Dr. To Jeyaseeli's Capital A/c (Jeyaseeli commenced business with cash)		80,000	80,000
2.	Bank A/c Dr. To Cash A/c (Deposited cash into bank)		40,000	40,000
3.	Purchase A/c Dr. To Cash A/c (Goods purchased for cash)		5,000	5,000
4.	Purchase A/c Dr. To Lipton & Co: A/c (Goods purchased on credit)		10,000	10,000
5.	Cash A/c Dr. To Sales A/c (Cash sales made)		11,000	11,000
6.	Salaries A/c Dr. To Cash A/c (Salaries paid)		5,000	5,000
7.	Lipton & Co. A/c Dr. To Bank A/c (Payment made by cheque)		10,000	10,000
8.	Furniture A/c Dr. To Cash A/c (Furniture bought for cash)		4,000	4,000
9.	Electricity charges A/c Dr. To Cash A/c (Electricity charges paid)		1,000	1,000
10.	Insurance premium A/c Dr. To Bank A/c (Insurance premium on furniture paid)		300	300

I.Answer all the questions.

6. (i) Source documents are the authentic financial evidence of transactions. These documents show the nature of transaction, the date, the amount and the parties involved.
   (ii) Source documents include cash receipt, invoice, debit note, credit note, pay-in-slip, salary bills, wage bills, counterfoils of cheques and any other form of written document proof.
7. (i) Accounting equation is a mathematical expression which shows that the total of assets is equal to the total of liabilities and capital.
   (ii) This is based on the dual aspect concept of accounting.
   (iii) This means that total claims of outsiders and the proprietor will always be equal to the total of assets of business enterprise.
   Assets = Liabilities + Capital + Revenues - Expenses
8. The process of analysing the business transactions under the heads of debit and credit and recording them in the journal is called journalising.
9. Personal accounts can be classified into natural, artificial and representative personal accounts
10.

	Assets Rs.	=	**Capital**	+	**Liabilities**
(a)	1,50,000	=	80,000	+	**70,000**
(b)	**2,50,000**	=	2,00,000	+	50,000
(c)	2,00,000	=	**1,77,000**	+	23,000
(d	2,50,000	=	15,00,000	+	**5,50,000**

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