

Illustration 4 :

Prove that the accounting equation is satisfied in the following transactions and prepare the Balance Sheet of Govind after final transaction :

- (i) Govind commenced business with cash ₹ 60,000.
- (ii) Bought furniture ₹ 5,000 on credit from Mahesh.
- (iii) Cash purchases ₹ 20,000.
- (iv) Bought goods worth ₹ 10,000 from Suresh.
- (v) Paid cash to Mahesh ₹ 3,000.
- (vi) Govind invested additional capital of ₹ 10,000.
- (vii) Paid Salary ₹ 2,000.

Illustration 5 :

Give Journal entries in the books of Graha-Sangraha Trade :

2017

- Jan. 1 Graha-Sangraha Trade started business with cash ₹ 20,000 and goods ₹ 15,000.
- Jan. 2 Purchased goods from Hari for cash ₹ 4,000 and on credit ₹ 3,000.
- Jan. 5 Sold goods to Sushil ₹ 10,000 for cash and ₹ 5,000 on credit.
- Jan. 8 Opened a current account in Bank ₹ 10,000.
- Jan. 10 Paid shop rent by cheque ₹ 1,500. ✗
- Jan. 15 Goods returned to Hari ₹ 500.
- Jan. 18 Received a cheque from Sushil and deposited in the Bank on same day.
- Jan. 20 Withdrew from Bank ₹ 5,000.
- Jan. 22 Paid to Hari by cheque in full settlement ₹ 2,450.
- Jan. 25 Purchased furniture from Rajesh and paid by cheque ₹ 500.
- Jan. 28 Purchased goods by cheque ₹ 5,000. ✗
- Jan. 29 Received commission ₹ 200.
- Jan. 30 Purchased goods from Naresh ₹ 3000 and received 5% trade discount.
- Jan. 31 Paid salary by cheque ₹ 800. ✗
- Jan. 31 Purchased stationery ₹ 100.
- Jan. 31 Paid to Naresh by cheque after deducting 10% cash discount. ✗

Illustration 7 :

Enter the following transactions in the cash book of M/s. Vidhaan Traders :

Date	Details of Transactions	Amount (₹)
2017		
March 01	Cash in hand	2,75,000
March 05	Cash received from Nitu	1,20,000
March 08	Insurance Premium paid	20,000
March 10	Furniture purchased	60,000
March 14	Sold Goods for cash	1,65,000
March 18	Purchased Goods from Naman for cash	2,60,000
March 22	Cash paid to Rohini	32,000
March 25	Sold Goods to Kanika for cash	1,87,000
March 28	Cash Deposited into Bank	50,000
March 30	Rent paid	40,000
March 31	Salary paid	70,000

Solution :

Books of M/s. Vidhaan Traders

Illustration 1 :

Journalise the following transactions and post them into the ledger :

		₹
2017		
April 1	Maloo commenced business with Cash	50,000
April 3	Bought Goods	2,500
April 4	Sold goods to Gopal	2,000
April 10	Bought Goods from Ram	4,000
April 14	Paid Trade Expenses	1,000
April 20	Received Cash from Gopal & allowed discount ₹ 50	1,950
April 25	Paid Wages	350
April 28	Paid Ram in full settlement	3,700
April 30	Paid Rent	750

Effect is explained in the following illustrations.

Illustration 12 :

A firm purchased an old machine for ₹ 3,70,000 on 1st April, 2013 and immediately spent ₹ 30,000 on its repairs. On 1st October, 2014, it purchased another machine for ₹ 1,00,000. The machine purchased on 1st April, 2013 was sold for ₹ 2,80,000 on 1st October, 2015. On 1st October, 2015 it purchased another machine for ₹ 2,50,000. On 1st October, 2016, the second machine which was purchased on 1st October, 2014 was sold for ₹ 20,000. The depreciation was charged @ 10% p.a. on fixed instalment basis but from 1st April, 2014, the rate was changed to 15% p.a. and diminishing balance method was adopted. Prepare Machinery Account for 4 years w.e.f. 1st April, 2013. Calculations are to be made to the nearest rupee.

Illustration 15 :

The following errors were committed by the Account-keeper of Mr. Anil.

1. ₹ 4,800 paid in cash by Deepak posted as ₹ 8,400.
2. ₹ 6,300 paid by cash to Sunil was posted to his Account as ₹ 3,600.
3. ₹ 3,000 spent for purchase of stationery were not posted to the Stationery Account.
4. Sales Day Book was overcast by ₹ 20,000.
5. Sales Day Book was undercast by ₹ 15,000.
6. Goods amounting ₹ 56,000 returned by Mr. Kamal was posted to his account from the Returns Inward Book as ₹ 65,000.
7. Returns Outward Book was undercast by ₹ 1,500.
8. ₹ 12,000 paid as salary to Mr. Sharma wrongly debited to his Personal Account.
9. ₹ 8,000 spent for new office furniture was charged to Office Expenses Account.
10. The credit side discount column total of the cash book ₹ 860 was carried over to the next page as ₹ 680.
11. A sale of ₹ 6,000 to Deepu was passed through the Purchase Day book.
12. Credit Sale to Mr. Rajendra of ₹ 7,000 was entered to the credit of his account.
13. Goods of worth of ₹ 30,200 purchased from Beena was recorded in the Purchase Day Book as ₹ 3,020.

Illustration 8 :

From the following trial balance of a trader, prepare Trading and Profit and Loss Account for the year ending 31st March, 2017 and a Balance Sheet as on that date.

	Dr.(₹)	Cr.(₹)
Capital		
Loan – 15% p.a. – Jan. 1, 2017	–	1,20,000
Commission	–	10,000
Provision for bad debts	–	600
Purchases & Sales	–	1,000
Returns	80,000	90,000
Debtors & Creditors	10,000	2,000
Drawings	50,500	30,000
Furniture	5,000	–
Machinery	5,000	–
Opening Stock	30,000	–
Octroi	20,000	–
Import Duty	5,000	–
Salaries & Wages	2,000	–
Bad debts	20,000	–
Rent, Rates & Taxes	500	–
Life Insurance Premium	4,000	–
Interest on Loan	2,000	–
Cash	200	–
	19,400	–
	<u>2,53,600</u>	<u>2,53,600</u>