

Exercise 1

Enter the following transactions in the Purchase Book of Pawan Electric Store, New Delhi assuming CGST@6% and SGST@6%:

2025	
June 2	Purchased goods from Surya Electric Store, Chandni Chowk, Delhi on credit (Invoice No. 480):— 40 Tubelights @ ₹500 each 15 Table Fans @ ₹2,000 each Trade Discount 20%; Freight Charges separately charged in the Invoice ₹2,000.
10	Bought goods from New Light Traders, Connaught Place, New Delhi on credit (Invoice No. 2310):— 10 Ceiling Fans @ ₹3,000 each 20 Electric Irons @ ₹500 each Trade Discount 10%; Carriage Charges separately charged ₹3,000
20	Purchased goods from Ravindra Electric Co., Patel Nagar, New Delhi on credit (Invoice No. 1508):— 100 Dozen Bulbs @ ₹600 per Dozen 20 Water Heaters @ ₹1,000 each Less: Trade Discount 20%
22	Bought from Sunny Lamp, Lajpat Nagar, New Delhi for cash (Invoice No. 705):— 5 Electric Irons @ ₹480 each
28	Bought from Fashion Furniture Co., Chitra Gupta Road, New Delhi on credit (Invoice No. 3450):— 12 Chairs @ ₹1,500 each 2 Tables @ ₹8,000 each

Solution

Book of Pawan Electric Store, New Delhi

PURCHASE BOOK OR PURCHASE JOURNAL

Date	Particulars (Name of the Supplier) (Account to be Credited)	Invoice No.	L. F.	Details	Purchase	Input CGST	Input SGST	Input IGST	Freight	Total Amount
2025 June 2	Surya Electric Store, Chandni Chowk, Delhi 40 Tubelights@ ₹500 each 15 Table Fans @ ₹2,000 each Less: Trade Discount @ 20% Purchases Value Add: Freight Taxable Value Add: CGST @ 6% SGST @ 6%	480		₹ 20,000 <u>30,000</u> 50,000 <u>10,000</u> 40,000 <u>2,000</u> 42,000 <u>2,520</u> <u>2,520</u> 47,040	₹ 40,000	₹ 2,520	₹ 2,520	₹ —	₹ 2,000	₹ 47,040
June 10	New Light Traders, Conn. Place, New Delhi 10 Ceiling Fans@ ₹3,000 each 20 Electric Iron @ ₹500 each Less: Trade Discount @	2310		₹ 30,000 <u>10,000</u> 40,000						

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|---------|-----------------------------------------------------------------------------------------------------------------------------|------|--|---------------|----------|-------|-------|---|----------|
|         | 10%                                                                                                                         |      |  |               |          |       |       |   |          |
|         | Purchases Value                                                                                                             |      |  | 4,000         |          |       |       |   |          |
|         | <i>Add:</i> Carriage                                                                                                        |      |  | 36,000        |          |       |       |   |          |
|         | Taxable Value                                                                                                               |      |  | 3,000         |          |       |       |   |          |
|         | <i>Add:</i> CGST @ 6%                                                                                                       |      |  | 39,000        |          |       |       |   |          |
|         | SGST @ 6%                                                                                                                   |      |  | 2,340         |          |       |       |   |          |
|         |                                                                                                                             |      |  | <u>2,340</u>  |          |       |       |   |          |
|         |                                                                                                                             |      |  | 43,680        | 36,000   | 2,340 | 2,340 | — | 3,000    |
| June 20 | Ravindra Electric Co. Patel<br>Nagar, New Delhi<br>100 Dozen Bulbs @ ₹600<br>per Dozen<br>20 Water Heaters @<br>₹1,000 each | 1508 |  | 60,000        |          |       |       |   |          |
|         |                                                                                                                             |      |  | <u>20,000</u> |          |       |       |   |          |
|         |                                                                                                                             |      |  | 80,000        |          |       |       |   |          |
|         | <i>Less:</i> Trade Discount @<br>25%                                                                                        |      |  | <u>20,000</u> |          |       |       |   |          |
|         | Taxable Value                                                                                                               |      |  | 60,000        |          |       |       |   |          |
|         | <i>Add:</i> CGST @ 6%                                                                                                       |      |  | 3,600         |          |       |       |   |          |
|         | SGST @ 6%                                                                                                                   |      |  | <u>3,600</u>  |          |       |       |   |          |
|         |                                                                                                                             |      |  | 67,200        | 60,000   | 3,600 | 3,600 | — | 67,200   |
| June 30 | Total                                                                                                                       |      |  |               | 1,36,000 | 8,460 | 8,460 | — | 5,000    |
|         |                                                                                                                             |      |  |               |          |       |       |   | 1,57,920 |

Note:

(1) Purchase on 22nd June will not be recorded in the purchase book because the goods have been purchased for cash

(2) Only the purchase of goods (and not an asset) is recorded in this book. The firm is dealing in electric goods, as such, the purchase of furniture on 28th June will not be recorded in this book.

### IMPORTANT NOTE

|                                                                                                                                                                        |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>If CGST is 6%, SGST will also be 6% and IGST will be 6% + 6% = 12%<br/>Similarly, if CGST is 9%, SGST will also be 9%, and IGST will be 9% + 9% = 18% and so on</p> |
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Exercise 2

Enter the following transactions in the Purchase Book of Superior Cloth House, New Delhi, assuming CGST @ 2.5% and SGST @ 2.5%.:—

2024	
April 4	Purchased from Radha Krishan & Sons, of New Delhi, Vide Invoice No. 305. 100 Metre Cotton Cloth @ ₹ 200 per Metre 80 Metre Woollen Cloth @ ₹ 500 per Metre Trade Discount 20%; Plus Carriage Charges ₹ 2,000.
12	Purchased from Raghubir Parshad & Co., of Kanpur, U.P., Vide Invoice No. 240 50 Metre Silk Cloth @ ₹ 600 per Metre 40 Metre Cotton Cloth @ ₹ 250 per Metre Trade Discount 10%; Plus Packing Charges ₹ 1,000
20	Purchased from Modern Furniture House, Delhi:— 10 Chairs @ ₹ 2,000 per Chair
25	Purchased from Hari Om & Sons of Gujarat, Vide Invoice No. 390 100 Metre Woollen Cloth @ ₹ 600 per Metre Trade Discount is 15%

Solution:

Book of Superior Cloth House, New Delhi

PURCHASE BOOK

Date	Particulars (Name of the Supplier) (Account to be Credited)	Invoice No.	L. F.	Details	Purchase	Input CGST	Input SGST	Input IGST	Freight Inwards	Total Amount
2024 April 4	Radha Krishan & Sons, New Delhi 100 Metre Cotton Cloth @ ₹ 200 per Metre 80 Metre Woollen Cloth @ ₹ 500 per Metre Less: Trade Discount @ 20% Purchase Value Add: Carriage Charges Taxable Value Add: CGST @ 2.5% CGST @ 2.5%	305		₹ 20,000 40,000 60,000 12,000 48,000 2,000 50,000 1,250 1,250 52,500	₹ 48,000	₹ 1,250	₹ 1,250	₹ —	₹ 2,000	₹ 52,500
12	Raghubir Parshad & Co., of Kanpur, U.P 50 Metre Silk Cloth @ ₹ 600 per Metre 40 Metre Cotton Cloth @ ₹ 250 per Metre Less: Trade Discount @ 10% Purchase Value Add: Packing Charges Taxable Value	240		 30,000 10,000 40,000 4,000 36,000 1,000 37,000						

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|    |                                                                        |     |        |          |       |       |       |       |          |
|----|------------------------------------------------------------------------|-----|--------|----------|-------|-------|-------|-------|----------|
| 25 | Add: IGST @ 5%                                                         | 390 | 1,850  | 36,000   | —     | —     | 1,850 | 1,000 | 38,850   |
|    | 38,850                                                                 |     |        |          |       |       |       |       |          |
|    | Hari Om & Sons of Gujarat<br>100 Metre Woollen Cloth @ ₹ 600 per Metre |     | 60,000 |          |       |       |       |       |          |
|    | Less: Trade Discount @ 15%                                             |     | 9,000  |          |       |       |       |       |          |
|    | Taxable Value                                                          |     | 51,000 |          |       |       |       |       |          |
|    | Add: IGST @ 5%                                                         |     | 2,550  |          |       |       |       |       |          |
|    | 53,550                                                                 |     | 51,000 |          |       |       |       |       |          |
| 30 | Total                                                                  |     |        | 1,35,000 | 1,250 | 1,250 | 4,400 | 3,000 | 1,44,900 |

Note:

(i) CGST + SGST will be collected on sales within the same state.

(ii) IGST will be collected on the sales outside the state.

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Exercise 3

Prepare a Sales Book from the following transactions of Navketan Furniture House, Ludhiana (Punjab) assuming CGST @ 6% and SGST @ 6% :—

2023	
May 1	Sold goods to Five Star Furniture Co., Patiala (Punjab), on Credit :— 150 Chairs @ ₹1,800 each 36 Tables @ ₹5,000 each Discount 20%
15	Sold goods to Vishal Furniture House, Amritsar (Punjab) :— 10 Almirahs @ ₹11,000 each 5 Sofa sets @ ₹18,000 each Trade Discount 15%
20	Sold goods to Parkash Furniture House, New Delhi :— 100 Chairs @ ₹2,000 each Less : 5%; Freight and Packing Charges ₹2,000
25	Sold to Moonlight Furniture Co. for Cash :— 50 Chairs @ ₹1,900 each
28	Sold on credit to Sunil Machinery Store :— 2 Old Machineries @ ₹5,000 per Machine 1 Old Computer for ₹1,200

Solution

Navketan Furniture House, Ludhiana

SALES BOOK

Date	Particulars (Name of the Customer) (Account to be debited)	Invoice No.	L. F.	Details	Sale	output CGST	output SGST	output IGST	Freight & Packing Charges	Total Amount
				₹	₹	₹	₹	₹	₹	₹
2023 May 1	Five Star Furniture Co., Patiala Punjab 150 Chairs @ ₹1,800 each 36 Tables @ ₹5,000 each Taxable Value Less: Trade Discount @ 20% Taxable Value Add: CGST @ 6% SGST @ 6%			2,70,000 <u>1,80,000</u> 4,50,000 <u>90,000</u> 3,60,000 21,600 <u>21,600</u> <u>4,03,200</u>	3,60,000	21,600	21,600	—	—	4,03,200
May 15	Vishal Furniture House, Amritsar 10 Almirahs @ ₹11,000 each 5 Sofa sets @ ₹18,000 each Less: Trade Discount @ 15% Taxable Value Add: CGST @ 6% SGST @ 6%			1,10,000 <u>90,000</u> 2,00,000 <u>30,000</u> 1,70,000 10,200 10,200 <u>1,90,400</u>	1,70,000	10,200	10,200	—	—	1,90,400
May 20	Parkash Furniture House, New Delhi									

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|        |                                |  |                 |          |        |        |        |       |          |
|--------|--------------------------------|--|-----------------|----------|--------|--------|--------|-------|----------|
|        | 100 Chairs @ ₹2,000 each       |  |                 |          |        |        |        |       |          |
|        |                                |  | 2,00,000        |          |        |        |        |       |          |
|        | Less: Trade Discount@5%        |  | <u>10,000</u>   |          |        |        |        |       |          |
|        | Sale Value                     |  | 1,90,000        |          |        |        |        |       |          |
|        | Add: Freight & Pecking Charges |  | <u>2,000</u>    |          |        |        |        |       |          |
|        | Taxable Value                  |  | 1,92,000        |          |        |        |        |       |          |
|        | Add: IGST @ 12%                |  | <u>23,040</u>   |          |        |        |        |       |          |
|        |                                |  | <u>2,15,040</u> | 1,90,000 | —      | —      | 23,040 | 2,000 | 2,15,040 |
| May 31 | Total                          |  |                 | 7,20,000 | 31,800 | 31,800 | 23,040 | 2,000 | 8,08,640 |

Note: (1) Only credit sales are recorded in this book, as such the cash sales on 25th may have been omitted from being recorded.

(2) Similarly, as only the sales of goods are recorded in this book, the sales of old machinery and Computer on 28th may have been omitted from being recorded.

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Exercise 4

Record the following transactions in the Sales Book of Ganesh Electronics, Kolkata (West Bengal) assuming CGST @ 9% and SGST @ 9%:

2024	
Jan. 3	Sold to Ruchika Electronics, Kolkata, Vide Invoice No. 431 5 Colour T.V. Sets @ ₹20,000 each <i>Less:</i> Trade Discount 20%; Freight Charges ₹2,000
10	Sold to Garima Electronics, Patna (Bihar), Vide Invoice No. 432 10 Washing Machines @ ₹8,000 each <i>Less:</i> Trade Discount 25%.
12	Sold to Raghav & Sons, Kolkata, Vide Cash Memo No. 2510 5 Colour T.V. Sets @ ₹18,000 each Less Trade Discount 15%
16	Sold to Nitin Trading Company, Ranchi (Jharkhand) Vide Invoice No. 433. 8 Music Systems @ ₹15,000 each 10 Colour T.V. Sets @ ₹22,000 each <i>Less:</i> Trade Discount 20%; Packing Charges ₹8,000.

Solution

Ganesh Electronics, Kolkata

SALES BOOK

Date	Particulars (Name of the Customer) (Account to be debited)	Invoice No.	L. F.	Details	Sale Amount	output CGST	output SGST	output IGST	Freight & Packing Charges	Total Amount
2024 Jan.3	Ruchika Electronics, Kolkata: 5 Colour T.V. Sets @ ₹20,000 each <i>Less:</i> Trade Discount 20% Sales Value <i>Add:</i> Freight Charges Taxable Value <i>Add:</i> CGST @ 9% SGST @ 9%	431		₹ 1,00,000 <u>20,000</u> 80,000 <u>2,000</u> 82,000 7,380 <u>7,380</u> <u>96,760</u>	₹ 80,000	₹ 7,380	₹ 7,380	₹ —	₹ 2,000	₹ 96,760
Jan. 10	Garima Electronics Patna (Bihar) 10 Washing Machines @ ₹8,000 each <i>Less:</i> Trade Discount	432		80,000						

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|---------|----------------------------------------------------------------------------------------------------------------------------|-----|--|-----------------|----------|-------|-------|----------|----------|
|         | 25% Taxable Value                                                                                                          |     |  | <u>20,000</u>   |          |       |       |          |          |
|         | Add: IGST @ 18%                                                                                                            |     |  | 60,000          |          |       |       |          |          |
|         |                                                                                                                            |     |  | <u>10,800</u>   |          |       |       |          |          |
|         |                                                                                                                            |     |  | <u>70,800</u>   | 60,000   | —     | —     | 10,800   | —        |
| Jan. 16 | Nitin Trading Company,<br>Ranchi (Jharkhand)<br>8 Music Systems @<br>₹15,000 each<br>10 Colour T.V. Sets<br>@ ₹22,000 each | 433 |  | 1,20,000        |          |       |       |          |          |
|         |                                                                                                                            |     |  | <u>2,20,000</u> |          |       |       |          |          |
|         |                                                                                                                            |     |  | 3,40,000        |          |       |       |          |          |
|         | Less: Trade Discount<br>20%                                                                                                |     |  | 68,000          |          |       |       |          |          |
|         | Sales Value                                                                                                                |     |  | 2,72,000        |          |       |       |          |          |
|         | Add: Packing Charges                                                                                                       |     |  | <u>8,000</u>    |          |       |       |          |          |
|         | Taxable Value                                                                                                              |     |  | 2,80,000        |          |       |       |          |          |
|         | Add: IGST @ 18%                                                                                                            |     |  | <u>50,400</u>   |          |       |       |          |          |
|         |                                                                                                                            |     |  | <u>3,30,400</u> | 2,72,000 | —     | —     | 50,400   | 8,000    |
| Jan. 31 | Total                                                                                                                      |     |  |                 | 4,12,000 | 7,380 | 7,380 | 61,200   | 10,000   |
|         |                                                                                                                            |     |  |                 |          |       |       | 3,30,400 | 4,97,960 |

Note:

(1) Goods are sold to Raghav & Sons for Cash. Hence, it is not recorded in the Sales Book.

(2) At the time of posting into the Ledger:

Ruchika Electronics will be debited with ₹96,760

Garima Electronics will be debited with ₹ 70,800

Nitin Trading Co. will be debited with ₹ 3,30,400

Sales A/c will be Credited with ₹ 4,12,000

Output CGST A/c will be Credited with ₹ 7,380

Output SGST A/c will be Credited with ₹ 7,380

Output IGST A/c will be Credited with ₹ 61,200

Freight & Packing Charges Recovered A/c will be Credited with ₹ 10,000

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Exercise 5

2022	
June 15	Returned goods to Radha Krishan & Sons, New Delhi for ₹20,000. Trade Discount 10%. (Debit Note No. 140)
20	Returned goods to Gopalsons, New Delhi for ₹50,000, as the goods were not according to sample. (Debit Note No. 141)
25	Allowance claimed from Raghbir Parshad, New Delhi, on account of mistake in the invoice ₹10,000. (Debit Note No. 145)

Solution:

PURCHASE RETURN BOOK OR RETURN OUTWARD BOOK

Date	Particulars (Name of the Supplier) (Account to be debited)	Debit Note No.	L. F.	Details	Purchase Returns	Input CGST	Input SGST	Input IGST	Total Amount
2022				₹	₹	₹	₹	₹	₹
June 15	Radha Krishan & Sons, New Delhi Less: Trade Discount 10%.	140		20,000 <u>2,000</u> 18,000					
	Add: CGST @ 6% SGST @ 6%			1,080 <u>1,080</u> 20,160	18,000	1,080	1,080	—	20,160
June 20	Gopalsons, New Delhi Add: CGST @ 6% SGST @ 6%	141		50,000 3,000 <u>3,000</u>	50,000	3,000	3,000	—	56,000
June 25	Raghbir Parshad, New Delhi Add: CGST @ 6% SGST @ 6%	145		10,000 600 <u>600</u> 11,200	10,000	600	600	—	11,200
	Total				78,000	4,680	4,680	—	87,360

Exercise 6

Prepare Sales Return Book in the Books of Ram Lal & Co., Hisar (Haryana) from the following transactions assuming CGST @ 6% and SGST @ 6%: —

2023	
April 6	Goods returned by Ganga Parshad & Co., Karnal (Haryana) : 1 Table Fan @ ₹6,000 Less : Trade Discount 15%
12	Shyam Oil Mills, Yamunanagar (Haryana) returned defective goods valued ₹40,000.
18	Allowance allowed to Sanjay & Co., Faridabad (Haryana) on account of mistake in the invoice ₹2,500.

Solution:

SALES RETURN BOOK OR RETURNS INWARD BOOK

Date	Particulars (Name of the Supplier) (Account to be debited)	Credit Note No.	L. F.	Details	Purchase Returns	Input CGST	Input SGST	Input IGST	Total Amount
2023				₹	₹	₹	₹	₹	₹
April 6	Ganga Parshad & Co., Karnal (Haryana) Less: Trade Discount 15%			6,000 <u>900</u> 5,100					
	Add: CGST @ 6%			306					
	SGST @ 6%			<u>306</u>					
				<u>5,712</u>	5,100	306	306	—	5,712
Apr 12	Shyam Oil Mills, Yamunanagar (Haryana) Add: CGST @ 6%			40,000 2,400					
	SGST @ 6%			<u>2,400</u>					
				<u>44,800</u>	40,000	2,400	2,400	—	44,800
Apr 18	Sanjay & Co., Faridabad (Haryana) Add: CGST @ 6%			2,500 150					
	SGST @ 6%			<u>150</u>					
				<u>2,800</u>	2,500	150	150	—	2,800
Apr 30	Total				47,600	2,856	2,856	—	53,312

Exercise 7

Prepare Return Books of M/s Gupta Brothers, Jaipur (Rajasthan) from the following transactions assuming CGST @ 6% and SGST @ 6%:—

2023	
March 7	Returned to Arora & Co., Nai Sarak, Delhi, being not according to samples:— 10 Chairs @ ₹2,000 each 1 Table for ₹5,000 Less : 20%
10	Subash Furniture Co., Faridabad (Haryana) returned to us :— 2 Broken Almirahs @ ₹11,000 each Less : 15%
20	Returned to Fateh Chand & Co., Jaipur, the following goods for being damaged in transit :— 5 Chairs @ ₹1,600 each Less : 10%
25	Ravi Saxena, Jaipur returned to us the following, being not of specified quality :— 1 Dining Table for ₹10,000 5 Chairs @ ₹2,000 each Less : 15%

Solution:

PURCHASE RETURN BOOK OR RETURNS OUTWARD BOOK

Date	Particulars (Name of the Supplier) (Account to be Debited)	Credit Note No.	L. F.	Details	Purchase Returns	Input CGST	Input SGST	Input IGST	Total Amount
2023 March 7	Arora & Co., Nai Sarak, Delhi 10 Chairs @ ₹2,000 each 1 Table for ₹ 5,000 Less: Trade Discount 20% Add: IGST @ 12%			₹ 20,000 <u>5,000</u> 25,000 5,000 <u>2,400</u> <u>22,400</u>	₹ 20,000	₹ —	₹ —	₹ 2,400	₹ 22,400
March 20	Fateh Chand & Co., Jaipur 5 Chairs @ ₹1,600 each Less: Trade Discount @ 10% Add: CGST @ 6% SGST @ 6%			₹ 8,000 <u>800</u> 7,200 432 <u>432</u> <u>8,064</u>	₹ 7,200	₹ 432	₹ 432	₹ —	₹ 8,064
March 31	Total				27,200	432	432	2,400	30,464

SALE RETURN BOOK OR RETURNS INWARD BOOK

Date	Particulars (Name of the Customer) (Account to be Credited)	Credit Note No.	L. F.	Details	Sales Returns	Output CGST	Output SGST	Output IGST	Total Amount
2023				₹	₹	₹	₹	₹	₹

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| March 10 | Subash Furniture Co.,<br>Faridabad (Haryana)<br>2 Almirahs @ ₹11,000<br>each<br><i>Less: Trade Discount</i><br>15%<br><br><i>Add: IGST @ 12%</i>           |  |               |        |       |       |       |  |        |
|          |                                                                                                                                                            |  | 22,000        |        |       |       |       |  |        |
|          |                                                                                                                                                            |  | <u>3,300</u>  |        |       |       |       |  |        |
|          |                                                                                                                                                            |  | 18,700        |        |       |       |       |  |        |
|          |                                                                                                                                                            |  | <u>2,244</u>  |        |       |       |       |  |        |
|          |                                                                                                                                                            |  | <u>20,944</u> | 18,700 | —     | —     | 2,244 |  | 20,944 |
| March 25 | Ravi Saxena, Jaipur<br>1 Dining Table<br>5 Chairs @ ₹2,000 each<br><br><i>Less: Trade Discount</i><br>15%<br><br><i>Add: CGST @ 6%</i><br><i>SGST @ 6%</i> |  | 10,000        |        |       |       |       |  |        |
|          |                                                                                                                                                            |  | <u>10,000</u> |        |       |       |       |  |        |
|          |                                                                                                                                                            |  | 20,000        |        |       |       |       |  |        |
|          |                                                                                                                                                            |  | <u>3,000</u>  |        |       |       |       |  |        |
|          |                                                                                                                                                            |  | 17,000        |        |       |       |       |  |        |
|          |                                                                                                                                                            |  | 1,020         |        |       |       |       |  |        |
|          |                                                                                                                                                            |  | <u>1,020</u>  |        |       |       |       |  |        |
|          |                                                                                                                                                            |  | <u>19,040</u> | 17,000 | 1,020 | 1,020 | —     |  | 19,040 |
| March 31 | Total                                                                                                                                                      |  |               | 35,700 | 1,020 | 1,020 | 2,224 |  | 39,984 |

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Exercise 8

Record the following transaction in the 'JOURNAL PROPER' of M/S Mukesh Traders:

2023	
March 5	Sunil who owed us ₹50,000 was declared insolvent and 40% is received as full and final payment.
March 10	An old machinery was sold to Kailash for ₹10,000 on credit.
March 12	Proprietor withdrew for personal use cash ₹10,000 and goods ₹4,000.
March 15	Goods worth ₹40,000 was destroyed by fire.
March 20	Insurance company admitted a fire insurance claim of ₹25,000.
March 22	A bills receivable for ₹10,000 endorsed to Mr. Mehta.
March 31	Wages outstanding for March 2023 ₹15,000.
March 31	Insurance Prepaid at the end of the year was ₹2,000.

Solution:

JOURNAL PROPER

Date	Particulars	L.F.	Dr.	Cr.
2023			₹	₹
March 5	Bad Debts A/c Dr. To Sunil (Bad debts written off on Sunil's insolvency)		30,000	30,000
March 10	Kailash Dr. To Machinery A/c (Old machinery sold on credit)		10,000	10,000
March 12	Drawing A/c Dr. To Purchases A/c (Goods withdrawn for personal use)		4,000	4,000
March 15	Loss by Fire A/c Dr. To Purchases A/c		40,000	40,000
March 20	Insurance Company Dr. To Loss by Fire A/c (Insurance claim admitted by insurance company)		25,000	25,000
March 22	Mehta Dr. To Bills Receivable A/c (Adjustment for wages outstanding)		10,000	10,000
March 31	Wages A/c Dr. To Outstanding Wages A/c		15,000	15,000
March 31	Prepaid Insurance A/c Dr. To Insurance A/c (Adjustment for prepaid insurance premium)		2,000	2,000

Working Note: Entry for cash transaction will not be recorded in Journal Proper.

Exercise 9

Enter the following transaction of Kumar Bros. in appropriate Subsidiary books:

2023	
Jan. 1	Assets: Cash in Hand ₹5,400; Due from Balaji & Co. ₹7,000; Due from Manoj ₹20,000; Stock ₹80,000; Furniture ₹25,000. Liabilities: Bank overdraft ₹36,200; Due to Surender ₹9,200.
Jan. 3	Purchased from Ram Lal & Sons 10 Chests of tea @ ₹720 each less 10% trade discount.
Jan. 5	Purchased from Ghanshyam Das & Co. 20 tins of coffee @ ₹480 each, less 5% trade discount. Half the payment is made in cash and half by cheque.
Jan. 6	Purchased machinery for ₹10,000 from Parmod & Co. on Credit.
Jan. 8	Received cash from Balaji & Co. ₹6,800 in full settlement of their account.
Jan. 10	Deposited into bank ₹5,000.
Jan. 12	Sold to Sen & Co. goods as follows: 4 Chests of tea @ ₹950 each 12 tins of Coffee @ ₹700 each
Jan. 15	Returned to Ram Lal & Sons 1 chest of tea.
Jan. 16	Sold to Ravi Shankar 20 chests of tea @ ₹1,000 each less 5% trade discount.
Jan. 17	Ravi Shankar returned 1 chest of tea.
Jan. 18	Ravi Shankar accepted a bill for 1 month for the amount due from him.
Jan. 18	Paid for wages ₹500 and for stationery ₹200.
Jan. 20	Received a cheque of ₹10,000 from Sen & Co. The cheque is immediately deposited into bank.
Jan. 21	Purchased from Vijay & Co. 20 chests of tea @ ₹800 each and 5 tins of coffee @ ₹500 each.
Jan. 22	2 chests of tea costing ₹700 each are taken by Mr. S. Kumar for his personal use.
Jan. 24	Returned to Vijay & Co. 2 chests of tea and 1 tin of coffee.
Jan. 25	Acceptance given to Vijay & Co. for 2 months for the amount due to them.
Jan. 27	Acceptance received from Sen & Co. for ₹2,200 for 30 days.
Jan. 28	Withdrew from bank for personal use ₹4,000 and for office use ₹6,000.
Jan. 30	Paid rent by cheque ₹4,000.

Solution:

CASH BOOK

Dr

Cr.

Date	Receipts	L. F.	Cash	Bank	Date	Payment	L. F.	Cash	Bank
2023			₹	₹	2023			₹	₹
Jan. 1	To Balance b/d		5,400		Jan. 1	By Balance b/d			36,200
Jan. 8	To Balaji & Co.		6,800		Jan. 5	By Purchases A/c		4,560	
Jan. 10	To Cash A/c	C		5,000	Jan. 10	By Bank A/c	C	5,000	
Jan. 20	To Sen & Co.			10,000	Jan. 18	By Wages A/c		500	
Jan. 28	To Bank A/c	C	6,000		Jan. 18	By Stationery A/c		200	
					Jan. 28	By Drawing A/c			4,000
					Jan. 28	By Cash A/c	C		6,000
					Jan. 30	By Rent A/c			4,000
			18,200	15,000				10,260	54,760

Subdivision of Journal

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|         |                |        |        |         |                |        |        |
|---------|----------------|--------|--------|---------|----------------|--------|--------|
| Jan. 31 |                |        | 39,760 | Jan. 31 | By Balance c/d | 7,940  |        |
|         |                | 18,200 | 54,760 |         |                | 18,200 | 54,760 |
| Feb. 1  | To Balance b/d | 7,940  |        | Feb. 1  | By Balance b/d |        | 39,760 |

PURCHASES BOOK

| Date    | Name of the Supplier<br>(Account to be Credited)                                        | Invoice No. | L.F | Details               | Total Amount |
|---------|-----------------------------------------------------------------------------------------|-------------|-----|-----------------------|--------------|
| 2023    |                                                                                         |             |     | ₹                     | ₹            |
| Jan. 3  | <b>Ram Lal &amp; Sons</b><br>10 Chests of tea @ ₹720 each<br>Less trade discount 10%    |             |     | 7,200<br><u>720</u>   | 6,480        |
| Jan. 21 | <b>Vijay &amp; Co.</b><br>20 chests of tea @ ₹800 each<br>5 Tins of coffee @ ₹500 each. |             |     | 16,00<br><u>2,500</u> | 18,500       |
| Jan. 31 | Purchase A/c                                                                            | Dr.         |     |                       | 24,980       |

SALES BOOK

| Date    | Name of the Customer<br>(Account to be Debited)                                     | Invoice No. | L.F | Details                | Total Amount |
|---------|-------------------------------------------------------------------------------------|-------------|-----|------------------------|--------------|
| 2023    |                                                                                     |             |     | ₹                      | ₹            |
| Jan. 12 | <b>Sen &amp; Co</b><br>4 Chests of tea @ ₹950 each<br>12 tins of Coffee @ ₹700 each |             |     | 3,800<br><u>8,400</u>  | 12,200       |
| Jan. 16 | <b>Ravi Shankar</b><br>20 chests of tea @ ₹1,000<br>Less: Trade discount 5%         |             |     | 20,000<br><u>1,000</u> | 19,000       |
| Jan. 31 | Sales A/c                                                                           | Cr.         |     |                        | 31,200       |

PURCHASES RETURN BOOK

| Date    | Name of the Supplier<br>(Account to be Debited)                             | Debit Note No. | L.F | Details             | Total Amount |
|---------|-----------------------------------------------------------------------------|----------------|-----|---------------------|--------------|
| 2023    |                                                                             |                |     | ₹                   | ₹            |
| Jan. 15 | <b>Ram Lal &amp; Sons</b><br>Less: 10% Trade discount                       |                |     | 720<br><u>72</u>    | 648          |
| Jan. 24 | <b>Vijay &amp; Co.</b><br>2 chests of Tea @ ₹800<br>1 Tins of coffee @ ₹500 |                |     | 1,600<br><u>500</u> | 2,100        |
| Jan. 31 | Purchases Return A/c                                                        | Cr.            |     |                     | 2,748        |

SALES RETURN BOOK

| Date    | Name of the Customer<br>(Account to be Debited)                            | Invoice No. | L.F | Details            | Total Amount |
|---------|----------------------------------------------------------------------------|-------------|-----|--------------------|--------------|
| 2023    |                                                                            |             |     | ₹                  | ₹            |
| Jan. 17 | <b>Ravi Shankar</b><br>1 chests of Tea @ ₹1,000<br>Less: Trade discount 5% |             |     | 1,000<br><u>50</u> | 950          |
| Jan. 31 | Sales Return A/c                                                           | Dr.         |     |                    | 950          |

JOURNAL PROPER OR GENERAL JOURNAL

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Subdivision of Journal

<i>Date</i>	<i>Particulars</i>	<i>L.F</i>	<i>Dr.</i>	<i>Cr.</i>
2023			₹	₹
Jan. 1	Cash A/c Dr. Balaji & Co. Dr. Manoj Dr. Stock A/c Dr. Furniture A/c Dr. To Bank Overdraft To Surinder To Capital A/c (balancing figure) (Opening balances brought forward from previous year's books)		5,400 7,000 20,000 80,000 25,000	36,200 9,200 92,000
Jan. 6	Machinery A/c Dr. To Parmod & Co. (Machinery Purchased on Credit)		10,000	10,000
Jan. 8	Discount Allowed A/c Dr. To Balaji & Co. Discount allowed to Balaji & Co. in full settlement of their account)		200	200
Jan. 18	Bills Receivable A/c Dr. To Ravi Shankar (Acceptance received for one month)		18,050	18,050
Jan. 22	Drawing A/c Dr. To Purchases A/c (2 chests of tea costing ₹700 each taken for personal use)		1,400	1,400
Jan. 25	Vijay & Co. Dr. To Bills Payable A/c (Acceptance given for 2 months)		16,400	16,400
Jan. 27	Bills Receivable A/c Dr. To Sen & Co. (Acceptance received for 30 days)		2,200	2,200
	Total ₹		1,85,650	1,85,650



Exercise 10

Mention the subsidiary books in which the following transactions are recorded along with reason thereof:

- (i) Purchase of furniture on credit for use in shop.
- (ii) Sale of goods on credit.
- (iii) Goods returned by Debtors.
- (iv) Purchase of stock on credit.
- (v) Providing for interest on capital to proprietor.
- (vi) Goods returned to creditors.
- (vii) Bill accepted by proprietor from creditor.
- (viii) Sales of goods for cash.

Solution:

- (i) **Journal Proper:** Because purchase of fixed assets on credit is recorded in Journal Proper.
- (ii) **Sales Book:** Because sales book records only the sale of goods on credit.
- (iii) **Sales Return Book:** Because goods returned by customers is recorded in Sales Return Book.
- (iv) **Purchase Book:** Because purchase book records only the purchase of goods on credit.
- (v) **Journal Proper:** Because Journal Proper records all those transactions which could not be recorded in any of other subsidiary books. Interest on capital is also one of those items which cannot be recorded in any other subsidiary books.
- (vi) **Purchase Return Book:** Because Purchase Return Book records only goods returned by the firm to its suppliers.
- (vii) **Journal Proper:** Because bill accepted by the proprietor on behalf of the firm is called 'Bill Payable' and it is recorded in this book.
- (viii) **Cash Book:** Because Cash Book records all cash receipts and cash payments.

