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11th std ACCOUNTANCY FORMAT (VOLUME – I)**CHAPTER 3****BOOKS OF PRIME ENTRY**

Key terms to know

Source documents

Cash receipt

Invoice

Debit note

Credit note

Pay-in-slip

Cheque

Double entry system

Accounting equation.

Golden rules of accountancy

Journal entry

Complete the missing items.

	Assets Rs. =	Liabilities Rs +	Capital Rs
(a)	30,000	20,000	?
(b)	60,000	25,000	?
(c)	?	25,000	30,000
(d)	?	10,000	80,000
(e)	25,000	?	15,000
(f)	40,000	?	30,000

	Assets Rs. =	Liabilities Rs +	Capital Rs
(a)	30,000	20,000	10,000
(b)	60,000	25,000	35,000
(c)	55,000	25,000	30,000
(d)	90,000	10,000	80,000
(e)	25,000	10,000	15,000
(f)	40,000	10,000	30,000

R. MANIKANDAN M COM,M.B.A.,PGT IN COMMERCE

SRI VENKATESWARA MATRIC HR SEC SCHOOL, ALWARTHIRUNAGRA CHENNAI-87

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Accounting Equation Format

Transaction	Assets							Capital	Outstanding expenses	Bank Loan
	Cash	Bank	Stock	Debit	Ins	Furniture	Machinery			

1. Started Business with cash.

Cash (+) Capital (+)

2. Credit Purchase

Stock (+) Creditors (+)

3. Cash Purchase of furniture

Cash (-) Furniture (+)

4. Paid Creditors by cash

Cash (-) Creditors (-)

5. Sold Goods for cash costing Rs (10,000) for Rs. 15,000

Cash (+) (15,000) Stock (-) (10,000) Capital (+) (5,000)

6. Paid rent by cash

Cash (-) Furniture (+)

7. Deposited cash with bank

Cash (-) Bank (+)

8. Borrowed loan from bank

Bank (+) Bank Loan (+)

9. Bought goods and paid by cheque

Stock (+) Bank (-)

10. Cash withdrawn for personal use

Cash (-) Capital (-)

11. Cash withdrawn from bank for office use.

Cash (+) bank (-)

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12. Credit sales costing (5400) Rs.6000

(Stock) (-)	Debtors (+)	Capital (+)
5400	6000	600

13. Wages Outstanding

Capital (-)	Outstanding Expenses (+)
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14. Prepaid insurance

Insurance (+)	Capital (+)
---------------	-------------

JOURNAL ENTRY FORMAT

The format of journal is give below:

JOURNAL

Date	Particulars	L.F	Debit Rs.	Credit Rs

1. Capital Entry

Mr.xxxxx commenced printing business with cash for Rs.50,000/-

Date	Particulars	L.F	Debit Rs.	Credit Rs
	Cash A/c Dr To Mr.xxxx Capital A/c (Mr. X commenced business with capital)		xxxx	xxxx

2. Commenced business with goods?

Date	Particulars	L.F	Debit Rs.	Credit Rs
	Stock A/c Dr To Mr.xxxx Capital A/c (Business started with goods)		xxxx	xxxx

3. Cash introduced in the business ?

Date	Particulars	L.F	Debit Rs.	Credit Rs
	Cash A/c Dr To Capital A/c (Capital Introduced)		xxxx	xxxx

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4. Ramesh started business with cash Rs.3,00,000/- goods Rs.80,000 furniture Rs.27,000/-

Date	Particulars	L.F	Debit Rs.	Credit Rs
	Cash A/c Dr		Xxxx	
	Stock A/c Dr		Xxxx	
	(furniture A/c)Dr		xxxx	
	To Ramesh Capital A/c			
	(Ramesh started in the business)			xxxx

5. Investments made in securities?

Date	Particulars	L.F	Debit Rs.	Credit Rs
	Investments A/c Dr.		Xxxx	
	To Capital A/c			xxxx
	(Being investments made)			

BOUGHT PURCHASED ENTRTY

1. Purchase furniture for cash

Date	Particulars	L.F	Debit Rs.	Credit Rs
	Furniture A/cDr		xxxx	
	To Cash A/c			
	(Furniture bought for cash)			xxxx

2. Bought goods for cahs?

Date	Particulars	L.F	Debit Rs.	Credit Rs
	Purchase A/c Dr		xxxx	
	To Cash A/c			
	(Goods purchased by cash)			xxxx

3. Bought goods from Kalamesh on credit?

Date	Particulars	L.F	Debit Rs.	Credit Rs
	Purchase A/c Dr		xxxx	
	To Kamalesh A/c			
	(Credit Purchase)			xxxx

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4. Goods purchased by cheque or CDM, Net Banking?

Date	Particulars	L.F	Debit Rs.	Credit Rs
	Purchase A/c Dr To Bank A/c (Good Purchased by cheque)		xxxx	xxxx

5. Returned goods bought from Mr.Z?

Date	Particulars	L.F	Debit Rs.	Credit Rs
	Z A/c Dr To Purchase Return A/c (Goods returned to Mr.Z) (Credit Purchase)		xxxx	xxxx



III SALES ENTRY SOLD

1. Sold goods for cash?

Date	Particulars	L.F	Debit Rs.	Credit Rs
	Cash A/c Dr To Sales A/c (Cash Sales)		xxxx	xxxx

2. Sold goods to Hari on credit

Date	Particulars	L.F	Debit Rs.	Credit Rs
	Mr.Z A/c Dr To Sales A/c		xxxx	xxxx

3. Sold goods to Mr.Z on credit?

Date	Particulars	L.F	Debit Rs.	Credit Rs
	Cash A/c Dr To Sales A/c (Cash Sales)		xxxx	xxxx

4. Sold goods to Mr.V who paid through debit card or CDM?

Date	Particulars	L.F	Debit Rs.	Credit Rs
	Bank A/c Dr To Sales A/c (Sales made and money credited through debit card)		xxxx	xxxx

IV PAID ENTRY

1. Paid team ?

Date	Particulars	L.F	Debit Rs.	Credit Rs
	Mr.K A/c Dr To Cash A/c (Cash Paid)		xxxx	xxxx

2. Paid rent?

Date	Particulars	L.F	Debit Rs.	Credit Rs
	Rent A/c Dr To Cash A/c (Rent paid)		xxxx	xxxx

3. Paid salaries through ECS?

Date	Particulars	L.F	Debit Rs.	Credit Rs
	Salaries A/c Dr To Bank A/c (paid salaries)		xxxx	xxxx

4. Paid by cash wages Rs.500 electricity charges Rs.3000 andexpensesRs 1000?

Date	Particulars	L.F	Debit Rs.	Credit Rs
	Wages A/c Dr Electricity charges A/c Dr Trade Expenses Dr To Cash A/c (Rent paid)		xxxx xxxx xxxx	xxxx

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BOOK ENTRY

1. Paid to bank?

Date	Particulars	L.F	Debit Rs.	Credit Rs
	Bank A/c Dr To Cash A/c (paid to bank)		xxxx	xxxx

2. Amount withdrawn from bank for office use?

Date	Particulars	L.F	Debit Rs.	Credit Rs
	Cash A/c Dr To Bank A/c (Amount withdrawn from bank for office use)		xxxx	xxxx

3. Money deposited into bank?

Date	Particulars	L.F	Debit Rs.	Credit Rs
	Bank A/c Dr To Cash A/c (Cash deposited with the bank)		xxxx	xxxx

4. Withdraw from bank for personal use?

Date	Particulars	L.F	Debit Rs.	Credit Rs
	Drawings A/c Dr To Bank A/c (Being the amount withdraw from bank for personal use)		xxxx	xxxx

5. Withdraw cash for personal use?

Date	Particulars	L.F	Debit Rs.	Credit Rs
	Drawings A/c Dr To Cash A/c (Withdrawn for personal use)		xxxx	xxxx

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6. Paid rent for the proprietors residence?

Date	Particulars	L.F	Debit Rs.	Credit Rs
	Drawings A/c Dr To Cash A/c (paid to hari's residence)		xxxx	xxxx

OTHER EXPENSES

1. Received from Mr.H?

Date	Particulars	L.F	Debit Rs.	Credit Rs
	Cash A/c Dr To Mr.H A/c (Cash received)		xxxx	xxxx

2. Opened a bank account with?

Date	Particulars	L.F	Debit Rs.	Credit Rs
	Bank A/c Dr To cash A/c (Opened a current A/c)		xxxx	xxxx

3. Borrowed Loan from bank?

Date	Particulars	L.F	Debit Rs.	Credit Rs
	Cash A/c Dr To Bank Loan A/c (Borrowed Loan from bank)		xxxx	xxxx

4. Bank levied charges for locker rent?

Date	Particulars	L.F	Debit Rs.	Credit Rs
	Bank Charges A/c Dr To Bank A/c (Bank Charges paid)		xxxx	xxxx

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CHAPTER 4 LEDGER

Key terms to know

Ledger
Ledger posting
Balancing the ledger account
Debit balance
Credit balance

Format of ledger account

The ledger account is prepared in T format. It is divided into two parts. Left side is debit side and right side is credit side. Each side contains four columns. The name or title of the account is placed at the top middle and the details are entered in the ledger. The format of ledger account is given below:

Dr.				Name of the ledger account				Cr			
Date	particulars	J.F.	Amount Rs	Date	particulars	J.F.	Amount	Date	particulars	J.F.	Amount

Following are the details contained in the various columns in the ledger:

Date: Date of the transaction is recorded in the column.

Particulars : The account debited or credited is recorded in this column. On the debit side, the entries are made starting with 'To' and on the credit side, entries are made starting with 'By'

Journal Folio (J.F.): In this column, the page number of the journal or subsidiary books from which the entry has been posted to the ledger is noted.

Amount : The amount of the transaction is recorded in this column.

Pass journal entries for the following transactions and post them in the ledger accounts.

2017

June 1 Basu started with cash Rs.
4 Purchased furniture by paying cash for Rs.
7 Purchased machinery on credit from Harish Rs.

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- 10 Bought goods for cash Rs.
18 Paid insurance premium Rs.

**In the Books of Basu
Journal Entries**

Date	Particulars	L.F	Debit Rs.	Credit Rs
2017 June 1	Cash A/c Dr To Basu's Capital A/c (Satrted business with cash)		xxxx	xxxx
June 4	Furniture A/c Dr To CASH A/c (Furniture bough for cash)		xxxx	xxxx
June 7	Machinery A/c Dr To HarishA/c (Machinery bough on credit from Harish)		xxxx	xxxx
June 10	Purchases A/c Dr To Cash A/c (Goods bought for cash)		xxxx	xxxx
June 18	Insurance Premium A/cDr To Cash A/c (Insurance Premium paid)		xxxx	xxxx

Ledger accounts

Dr.

Cash account

Cr.

Date	Particulars	J.F	Rs.	Date	Particulars	J.F	Rs.
2017 June 1	Basu's Capital A/c Dr		xxxx	2017 June 4	By Furniture A/c		xxxx
				10	By Purchase A/c		xxxx
				18	By InsurancePremium A/c		xxxx

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Dr.**Basu's Capital Account****Cr.**

Date	Particulars	J.F	Rs.	Date	Particulars	J.F	Rs.
				2017 June 1	By Cash A/c		xxxx

Dr.**Furniture Account****Cr.**

Date	Particulars	J.F	Rs.	Date	Particulars	J.F	Rs.
2017 June 4	To Cash A/c		xxxx				

Dr.**Machinery Account****Cr.**

Date	Particulars	J.F	Rs.	Date	Particulars	J.F	Rs.
2017 June 7	To Harish A/c		xxxx				

Dr.**Harish Account****Cr.**

Date	Particulars	J.F	Rs.	Date	Particulars	J.F	Rs.
				2017 June 7	By Machinery A/c		xxxx

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Dr.**Purchase Account****Cr.**

Date	Particulars	J.F	Rs.	Date	Particulars	J.F	Rs.
2017 June 10	To Cash A/c		xxxx				

**Dr.
Cr.****Insurance Premium Account**

Date	Particulars	J.F	Rs.	Date	Particulars	J.F	Rs.
2017 June 18	To Cash A/c		xxxx				

Posting of opening journal entry

Date	Particulars	L.F	Debit Rs.	Credit Rs
2017 Jan1	Cash A/c Dr Stock A/c Dr Sohan A/c Dr Furniture A/c Dr To Ram A/c To joy's Capital A/c (Balances of assets and liabilities brought forward)		xxxx xxxx xxxx xxxx	xxxx xxxx

CHAPTER 5

TRIAL BALANCE

Key terms to know

Trial Balance

Debit balance

Credit balance

Arithmetical Accuracy

Trial balance as on...

S.No.	Name of account/particulars	L.F	Debit BalanceRs.	Credit BalanceRs

Specimen of a trial balance

Trial balance of Mr.X as on...

S.No	Particulars	L.f.	Debit Rs.	Credit Rs.
1	Cash in hand		xxx	
2	Cash at bank		xxx	
3	Bills receivable		xxx	
4	Sundry debtors		xxx	
5	Opening Stock		xxx	
6	Plant and Machinery		xxx	
7	Land and Building (Premises)		xxx	
8	Furniture and fixtures		xxx	
9	Vehicles		xxx	
10	Goodwill		xxx	
11	Investment		xxx	
12	Drawings		xxx	
13	Purchases		xxx	
14	Sales returns		xxx	
15	Carriage inwards		xxx	
16	Carriage outwards		xxx	
17	Rent paid		xxx	
18	Commission paid		xxx	
19	Interest paid		xxx	

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20	Bad debts		xxx	
21	Insurance Premium		xxx	
22	General expenses		xxx	
23	Sundry expenses		xxx	
24	Electricity charges		xxx	
25	Selling expenses		xxx	
26	Travelling expenses		xxx	
27	Wages		xxx	xxx
28	Sales			xxx
29	Purchase returns			xxx
30	Capital			xxx
31	Bank loan			xxx
32	Sundry creditors			xxx
33	Bills payable			xxx
34	Bank Overdraft			xxx
35	Rent received			xxx
36	Interest received			xxx
37	Provision for bad debts			xxx
	Total		xxx	xxx

Suspense account

After transferring all the ledger account balances, if the trial balance does not tally, steps must be taken to locate and rectify errors. If the errors cannot be rectified, then trial balance is tallied by transferring the difference between the total of debit balances and the total of credit balances to a temporary account, called suspense account.

Note: Since the credit balance is more than the debit balance, the difference is transferred to suspense account.

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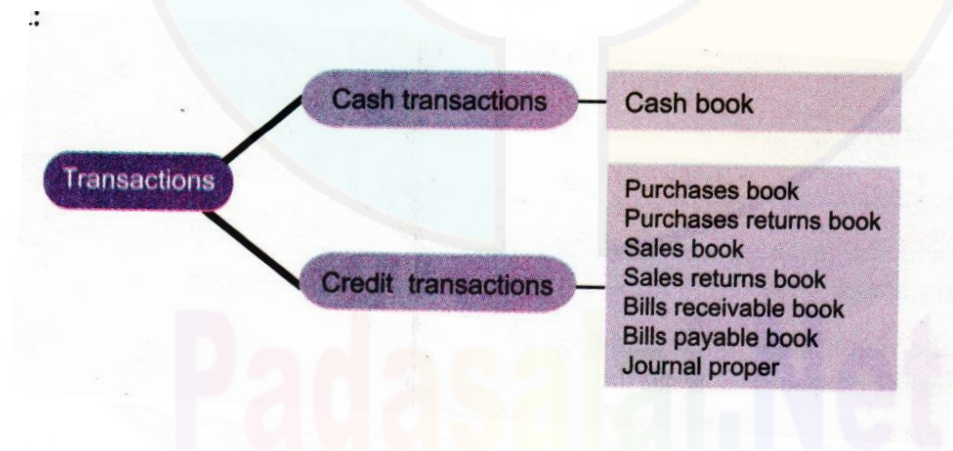
CHAPTER 6 SUBSIDIARY BOOKS

Key terms to know

- PURCHASE BOOK
- Sales book
- Purchase returns book
- Sales return book
- Debit note
- Credit note
- Bill of exchange
- Bills receivable book
- Bills payable book
- Journal proper

Types of Subsidiary books

The number of subsidiary books may vary according to the requirement of each business. Based on the nature of business and the volume of transactions, the following subsidiary books are maintained:



- (i) Subsidiary books for entering cash transaction-Cash book
- (ii) Subsidiary books (special journal) for entering non-cash transactions:

(a) Purchases book or purchase journal – for recording only credit purchase of goods in which the trader deals.

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- (b) Sales book or sales journal –for recording only credit sale of goods dealt in by the trader.
- (c) Purchases returns or returns outward book-for recording return of goods purchased by the trader, for which no cash is immediately received.
- (d) Sales returns or returns inward book-for recording the goods returned (out of previous sale) by customers for which no cash is immediately paid.
- (e) Bills receivable book-to record bills accepted or promissory notes received.
- (f) Bills Payable book-to record bills accepted or promissory notes given.
- (iii) Journal proper- the general journal or all-purpose journal to record transaction which do not find a place in the above seven subsidiary books.

Format of purchase book/ purchase journal

Date	Particulars (Name of the suppliers and details of goods purchased)	Invoice no.	L.F	Amount. Rs	
				Details	Total
(i)	(ii)	(iii)	(iv)	(v)	(vi)
	Purchase A/c Dr.				

Date

In the date column, the date of purchase of goods on credit is recorded.

Particulars

In this column the name of the supplier from whom goods have been purchased and details of goods purchased are given.

Invoice number

Invoice is statement prepared by the seller of goods. It contains details about the goods, its price and other expenses incurred. The invoice number is entered in this column.

Ledger Folio (L.F)

The page number of the ledger in which the supplier's account appears is recorded in this column. Purchases of goods must be posted to the personal accounts of suppliers. Purchases book contains the page number of supplier's account in the ledger. It helps in posting and also in checking the records.

Amount column (Details)

Amount column is divided into two parts, i.e details and total. The details column is used to record the amount of various individual items purchased from a particular supplier. The amount of trade discount allowed is deducted. This column is used for adjustment of additions and subtractions.

Total Amount column (Total)

The net amount payable to the supplier of goods is recorded in the total amount column.

In the books of shanthi furniture mart
Purchase book / purchase journal

Date	Particulars (Name of the suppliers and details of goods purchased)	Invoice no.	L.F	Amount. Rs	
				Details	Total
2017 March 1	Mohan Furniture Mart, Material 20 Chairs @ Rs.450 each 2 tables @ Rs.1,000 each Less:Trade discount @10%			9,000	9,000
				2,000	
				11,000	
				1,100	

March 7 March 21	Ramesh & Co., Royapettah 2 stools @ Rs.500 each 10 rolling chairs @ Rs.200 each Add: Delivery charge and cartage Kamal & Co., Karaikal				3,150
				1,000	
				2,000	
				3,000	
				150	
				7,500	

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10 Chairs @ Rs.750 each 15 Steel cabinets @ Rs.1,500 each Less: Trade discount @ 10% Add: Packing and delivery charges Purchase A/c Dr.	22,500	27,250
	30,000	
	3,000	
	27,000	
	250	
		40,300

Ledger accounts
Purchase A/c

Dr.**Cr.**

Date	Particulars	J.F	Rs.	Date	Particulars	J.F	Rs.
2017 July 31	To Sundry Creditors		xxxx				

Dr.**Kannan& Co. A/c****Cr.**

Date	Particulars	J.F	Rs.	Date	Particulars	J.F	Rs.
				2017 July 10	By purchase A/c		xxxx

Dr.**Balan& Co. A/c****Cr.**

Date	Particulars	J.F	Rs.	Date	Particulars	J.F	Rs.
				2017 July 10	By purchase A/c		xxxx

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Date	Particulars	L.F	Debit Note No.	Amount. Rs		Remarks
				Details	Total	
Date of return	Name of the persons to whom goods are returned and the details of goods returned	Posting reference		Detailed calculations		
	Purchase Return A/c. Cr.					

A 'debt note' is a document, bill or statement sent to the person to whom goods are returned. This statement informs that the supplier's account is debited to the extent of the value of good returned. It contains the description and details of goods returned, name of the party to whom goods are returned and net value of the goods so returned with reason for return.

Dr.	Purchase returns A/c	Cr.
------------	-----------------------------	------------

Date	Particulars	J.F	Rs.	Date	Particulars	J.F	Rs.
				2017 Jan 31	By Sundry Creditors A/c		xxxx

Date	Particulars	J.F	Rs.	Date	Particulars	J.F	Rs.
2017 Jan 5	To Purchase return A/c		xxxx				

Send Your Questions and Answers to Our Email Id - padasalai.net@gmail.com

Dr.**Chandran Accountns****Cr.**

Date	Particulars	J.F	Rs.	Date	Particulars	J.F	Rs.
2017 Jan 14	To Purchase return A/c		xxxx				

Ledger accounts**Dr.****Sales A/c****Cr.**

Date	Particulars	J.F	Rs.	Date	Particulars	J.F	Rs.
				2017 July 31	By Sundry Debtors A/c		xxxx

Dr.**AnandAccountns****Cr.**

Date	Particulars	J.F	Rs.	Date	Particulars	J.F	Rs.
2017 July 5	To Sales A/c		xxxx				

Dr.**ChandranAccountns****Cr.**

Date	Particulars	J.F	Rs.	Date	Particulars	J.F	Rs.
2017 July 20	To Sales A/c		xxxx				

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Salesreturn book

Date	Particulars	L.F	Debit Note No.	Amount. Rs		Remarks
				Details	Total	
Date of return	Name of the persons to whom goods are received back and details of goods returned	Posting reference		Detailed calculations	Net amount of the invoice	
	Sales Return A/c. Dr.					

Ledger accounts**Dr.****Sales return A/c****Cr.**

Date	Particulars	J.F	Rs.	Date	Particulars	J.F	Rs.
2017 April 30	To Sundry Debtors A/c		xxxx				

Dr.**Shankar A/c****Cr.**

Date	Particulars	J.F	Rs.	Date	Particulars	J.F	Rs.
				2017 April 6	By Sales return A/c		xxxx

Dr.**Amar Tailors A/c****Cr.**

Date	Particulars	J.F	Rs.	Date	Particulars	J.F	Rs.
				2017 April 8	By Sales return A/c		xxxx

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Dr.**Prema Stores A/c****Cr.**

Date	Particulars	J.F	Rs.	Date	Particulars	J.F	Rs.
				2017 April 21	By Sales return A/c		xxxx

1. On the transactions, when the purchase or sales of goods on credit must be taken and if any two items are given in the transactions are to be taken into subsidiary books account.
2. If any old machinery or cash items or any type Related are not to be taken in subsidiary books.
3. Less Trade discount @ 10%
4. Add Packing and delivery charges.



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CHAPTER 7

Subsidiary books-II (cash book)

Key terms to know

- Cash book
- Petty cash book
- Bank overdraft
- Cheque

Dr.				Simple cash book		Cr.	
Date	Receipts	L.F	Amount	Date	Payment	L.F	Amount
	To cash in hand (balance b/d)		xxx		By paid Rent		
	To received (Ramesh)		xxx		Bank Mohan		xxxx
	To Sales		xxx		Salaries		
	To Bank (office Use)		xxx		By purchased Furniture		xxxx
					Machinery		
					By Drawings (Personal use)		xxxx
					By Bank (deposit)		xxxx
					By balance c/d		xxxx

Notes:

- (i) On the transactions of cash book, if any credit purchases or sales are given that shouldn't be considered, but given as the same name of the person on cash items was to be considered.

Dr. Cash book with cash and discount columns Cr.

Date	Receipts	R.N	L.F	Amount Rs		Date	Payment	R.N	L.F	Amount Rs	
				Discount	Cash					Discount	Cash

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Notes:

On the double column cash book, discount column should be added in addition otherwise same concept of accounts applies in the single column cash book.

Format of three column cash book is as follows:

Dr. Cash book with cash, discount and bank column or three column cash book Cr.

Date	Receipts	R.N	L.F	Amount Rs			Date	Payment	R.N	L.F	Amount Rs		
				Discount	Cash	Bank					Discount	Cash	Bank

Contra entry

When the two accounts involved in a transaction are cash account, then both the aspects are entered in cash book itself. As both the debit and credit aspects of a transaction are recorded in the cash book, such entries are called contra entries.

Example

- (i) When cash is paid into bank, it is recorded in the bank column on the debit side and in the cash column on the credit side of the cashbook.
- (ii) When Cash is drawn from bank for office use, it is entered in cash column on the debit side and in the bank column on the credit side of the cash book.

To denote that there are contra entries, the alphabet 'c' is written in L.F.column on both sides. Contra means that particular entry is posted on the other side (Contra) of the same book, because cash account and bank account are there in the cash book only and there are no separate ledger account needed for this purpose. The alphabet 'c' indicates that no further posting is required and the relevant account is posted on the opposite side.

Dr. Format of analytical petty cashbook Cr.

Recei pts	C.B.F. N	Da te	Particula rs	V. N	Total Payme ns	Posta ge	Station ery	Ca rri ag e	Travelli ng Expens es	Refre shme nts	Su nd rie s	Person al account s	L.F.

Details entered in the various columns of the petty cash book are as follows

1. Receipts

This is the first column of the petty cash book. The amount received by the petty cashier for meeting Petty expenses is recorded in this column. Generally, amount is received once on the first day of every week or month. The opening balance of petty cash is recorded in this column as the first item. This column shows the total amount available with the petty cashier.

2. Cash Book Folio Number (C.B.F.N)

In this column, the page number of the cash book in which the entry is made is recorded.

3. Date

In this column, the date of receipt of petty cash and payment of every petty expense is recorded.

4. Particulars

The details of transactions are entered in this column. Cash received in the beginning is recorded as 'To cash A/c' and all the petty expenses are recorded as 'By Concerned Expense A/c' (name of the expense).

5. Voucher Number (V.N)

Every transaction in accounting must be supported by documentary evidence. All the payments must have Vouchers which must be arranged in the chronological order of payment and serially numbered. Voucher number of every payment is written in this column.

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6. Total

The amount of every petty expense is recorded in this column. At the end of the week or month expenses are totaled. The total expenses of the week or the month is compared with the total of the receipts column and balance is obtained.

7. Postage

Postal expense incurred for post card, envelope, inland letter, postage stamps, registered letter, parcel, etc. are recorded in this column.

8. Stationery

It include expenses incurred for purchasing materials such as paper, ink, pencil, eraser, carbon paper and other similar stationery items.

9. Carriage

It includes amount paid wages, transport charges and other expenses.

10.Travelling or conveyance expenses

In this column fare for auto rickshaw, taxi, bus, train, etc., are recorded.

11.Refreshments

Amount spent for tea, coffee, snacks, etc., is recorded.

12.Sundries

There may be certain expenses which are infrequent for which specific column is not provided. These are recorded in this column.

13.Personal accounts

Small amount of money paid to individuals are entered in this column

14.Ledger Folio (L.F)

This refers to the page number of the ledger where the respective account is recorded.

Journal entry**(a) For receiving petty cash:**

Petty cash A/c Dr.
 To cash A/c

(b) For expense paid:

Respective expense A/c Dr.
 To Petty cash A/c

CHAPTER 8

BANK RECONCILIATION STATEMENT

Key terms to know

Bank statement
 Bank overdraft
 Unpresented cheques
 Uncleared Cheques
 Dishonoured Cheques
 Standing instructions
 Bank reconciliation statement.

Balance presentation method

When balance of cash book or bank statement is given:

Bank Reconciliation statement as on.....

Particulars	Amount Rs.	Amount Rs.
Balance as per cash book (favourable balance)		xxx
Add:		
1. Cheque issued but not presented	xxx	
2. Credits in the pass book only		
(a) Interest credited in bank statement	xxx	
(b) Dividend and other income	xxx	
(c) Direct deposit by a party	xxx	
3. Any error in cash book/ bank statement which has the effect of increasing the balance as per bank statement	xxx	xxx

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Less:		
1. Cheques Deposited but not Credited	xxx	
2. Cheques dishonored but not entered in cash book	xxx	
3. Debits in bank statement only		
(a) Interest debited	xxx	
(b) Insurance premium, loan instalment, etc, paid as per standing instructions	xxx	
(c) Direct payment by banker	xxx	
4. Any error in cash book/ bank statement which has the effect of decreasing the balance as per bank statement	xxx	xxx
Balance as per bank statement		xxx