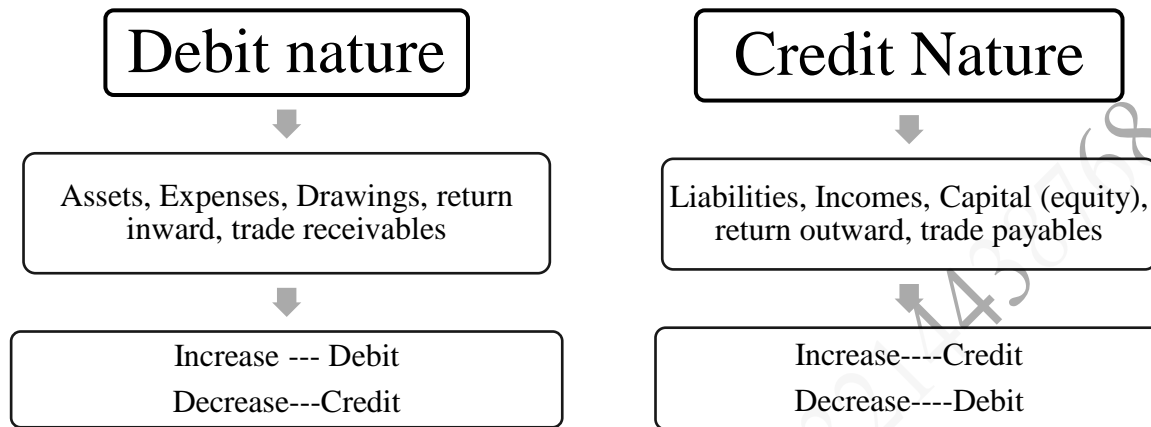


**CHAPTER 3: DOUBLE ENTRY (JOURNAL ENTRY) RECORDING**



**How to record double entry:**

		\$	\$
Date	Account to be debited	XXX	
	Account to be credited		XXX

Example:

Jan 1; Purchased goods \$400 for Cash

Double Entry (journal Entry)

Jan 1	Purchases	400	
	Cash		400

**Ledgers ( T accounts):**

Dr			Name Of Account		Cr	
Date	Particulars	Amount	Date	Particulars	Amount	
	Abc	XXX		LMN	XXX	
	Xyz	XXX	Last date	Balance C/d on smaller side (difference b/w larger and small side)	XXX	
	Efg	XXX				
1 <sup>st</sup> date of next month	Balance B/D	XXX				
		XXX				

**Total of larger side**

**Trial Balance:**

Trial Balance  
Date-----

	Debit \$	Credit \$
Assets	XXX	
Expenses	XXX	
Drawings	XXX	
Return inward	XXX	
Liabilities		XXX
Incomes		XXX
Capital (equity)		XXX
Return outward		XXX
Trade Receivables	XXX	
Trade Payables		XXX
	XXX	XXX

Both are equal

**QUESTIONS:**

**Q1:** Decide the name of accounts in following transactions and also describe that these accounts will increase or decrease.

- a) Started business with cash.
- b) Bought fixtures by cheque.
- c) Paid wages by cheque.
- d) Paid rent by cash.
- e) Bought premises by cheque.
- f) Paid cash into bank.
- g) Bought motor vehicle on credit from John.
- h) Took loan from Sameer by cheque.
- i) Owner took cash for personal use.
- j) Sold goods for cash.
- k) Bought inventory by cheque.
- l) Bought goods on credit from Badar.
- m) Sold goods on credit to James.
- n) Paid cash to John.
- o) Received cash from James.
- p) Goods returned to Badar.
- q) Goods returned by James.

**Q2:** Decide the name of accounts in following transactions and also describe that these accounts will increase or decrease.

- a) Started business by cheque.
- b) Bought land on credit from Alex.
- c) Bought motor van on credit from ABC motors.
- d) Paid salaries by cash.
- e) Withdrew cash for business use.
- f) Paid insurance by cheque.
- g) Paid rent by cash.
- h) Bought machinery by cheque.
- i) Paid telephone charges by cash.
- j) Bought goods for cash.
- k) Sold goods for cash.
- l) Sold goods on credit to Lime.
- m) Sold goods on credit to David.
- n) Bought inventory on credit from M. Jone.
- o) Bought goods on credit from Sam.
- p) Bought goods on credit from Samar.
- q) Bought goods by cheque.
- r) Sold motor van by cheque.
- s) Bought motor van by cheque.
- t) Waqar lent us by cheque.
- u) Paid part of loan to Waqar by cash.

**Q3:** Complete the following table.

	Account to be debited	Account to be credited
a) Started business with cash. b) Paid rent by cheque. c) Bought land on credit from ABC Ltd. d) Paid wages by cash. e) Owner further invested by cheque. f) Paid interest on loan by cash. g) Bought good on credit from Thomas h) Sold goods on credit to David. i) Paid insurance by cheque. j) Sold goods for cash. k) Bought vehicle by cheque. l) Bought goods by paying cash.		

**Q4:** Record journal entries of following transactions then post ledgers.

2017

- Jan 1 Started business by cheque \$15000.  
 2 Bought land on credit from Ali cost \$4000.  
 3 Bought motor van \$1200 on credit from ABC motors.  
 5 Paid salaries \$150 by cash.  
 7 Withdrew cash \$2000 for business use.  
 8 Paid Ali by cheque \$2500.  
 10 Paid rent by cash \$200.  
 11 Bought machine cost \$1000 by cheque.  
 13 Bought goods \$300 on credit from M. Johne.  
 14 Bought goods for cash \$100.  
 16 Sold goods for cash \$450.  
 17 Sold goods \$550 on credit to Lime.  
 18 Sold goods on credit to David amount \$670.  
 19 Bought inventory \$120 on credit from M. Johne.  
 21 Bought goods \$300 on credit from Smith.  
 22 Bought goods \$150 on credit from Smith.  
 23 Returned goods \$50 to Smith.  
 25 Returned goods to Johne \$20.  
 27 Bought motor van by cheque \$800.  
 30 Waqar lent us by cheque \$20000.  
 31 Paid part of loan to Waqar by cash \$500.

**Q5:** Record double entries of following transactions and then post to relevant ledgers.

2016

- Aug 1 Started in business with \$17,400 cash.  
2 Paid \$8,000 of the opening cash into the bank.  
4 Bought goods on credit \$430 from J Watson.  
5 Bought a van by cheque \$4,922.  
7 Bought goods for cash \$360.  
10 Sold goods on credit \$218 to L Less.  
12 Returned goods to J Watson \$42.  
19 Sold goods for cash \$54.  
22 Bought fixtures on credit from Firelighters Ltd \$820.  
24 F Holmes lent us \$1,500 paying us the money by cheque.  
29 We paid J Watson his account by cheque \$368.  
31 We paid Firelighters Ltd by cheque \$820.

**Q6:** Record double entries of following transactions and then post to relevant ledgers.

2017

- May 1 Started business with \$18,500 in the bank.  
2 Bought goods on credit from B Hind \$1,555.  
3 Bought goods on credit from G Smart \$572.  
5 Sold goods for cash \$215.  
6 We returned goods to B Hind \$182.  
8 Bought goods on credit from G Smart \$370.  
10 Sold goods on credit to P Syme \$483.  
12 Sold goods for cash \$305.  
18 Took \$250 of the cash and paid it into the bank.  
21 Bought a goods by cheque \$620.  
22 Sold goods on credit to P Syme \$394.  
23 P Syme returned goods to us \$160.  
25 Returned goods to B Hind \$18.  
28 We returned goods to G Smart \$47.  
29 We paid B Hind by cheque \$373.  
31 Bought machinery on credit from Mood \$419.

**Q7:** Record General Journal of following transactions then post them in relevant ledgers. Also draw trial balance of after balancing ledgers.

2018

- Mar 1 Bought Goods for Cash \$450.  
2 Sold goods for cash \$1000.  
3 Sold surplus inventory by cheque \$780.

- 4 Bought inventory \$400 on credit from Azin.
- 6 Sold goods on credit to Anaya \$920.
- 7 Bought goods on credit from Azin \$200.
- 10 Paid cash \$600 to Azin.
- 18 Received cash from Anaya \$500.
- 20 Paid wages by cheque \$600.
- 29 Received bank loan by cheque \$2000.

**Q8:** Record General Journal of following transactions then post them in relevant ledgers. Also draw trial balance of after balancing ledgers.

2018

- May
- 1 Started business by cheque \$12 500.
  - 2 Bought goods on credit from Zeen \$500.
  - 4 Sold goods on credit \$880 to Marium.
  - 8 Bought plant \$2000 by cheque.
  - 10 Paid rent \$400 by cheque.
  - 15 Good returned to Zeen \$100.
  - 20 Bought goods \$500 by cheque.
  - 23 Received cheque \$800 from Marium.
  - 28 Paid cheque \$200 to Zeen.
  - 30 Goods returned by Marium \$80.
  - 31 Bought goods from Zeen on credit \$670.

**Q9:** Mr. Zush Shimalain has the following transactions in the month of April 2017.

Write Journal Entries for the transactions then post in ledger accounts.

- 10<sup>th</sup> April : Commenced business with a equity of \$100,000
- 11<sup>th</sup> April : Purchased goods on credit from Veer for \$20,000
- 14<sup>th</sup> April : Purchased Goods from Veer for \$9,000 on credit
- 16<sup>th</sup> April : Bought Goods from Shyam on cash \$12,000
- 17<sup>th</sup> April : Sold goods worth \$15,000 to Tarin on credit
- 19<sup>th</sup> April : Sold goods for cash \$20,000
- 21<sup>st</sup> April : Sold goods to Tarin on credit \$17,000
- 22<sup>nd</sup> April : Returned goods to Veer \$3,000
- 23<sup>rd</sup> April : Goods returned from Tarin \$1,000
- 25<sup>th</sup> April : Cash taken by the proprietor for personal use \$1,000

26<sup>th</sup> April : Bought Land for \$50,000

27<sup>th</sup> April : Purchased machinery for cash \$45,000

28<sup>th</sup> April : Bought machinery on credit from Intel Computers for \$25,000

29<sup>th</sup> April : Cash purchases \$22,000

30<sup>th</sup> April : Paid extra cash \$10,000 into bank

**Q10:** Record double entries of following transactions then prepare Cash, Purchases & Baqir Account.

2017

- Sep 1 Started business with cash \$3,000 and cheque \$9,000.  
2 Bought goods \$450 on credit from Areeba.  
5 Bought machine by cheque \$3,500.  
9 Sold good \$600 on credit to Baqir.  
11 Bought goods for cash \$200.  
16 Goods returned by Baqir \$50.  
19 Sold goods for cash \$580.  
20 Took bank loan \$1000 by cheque.  
22 Sold goods on credit to Baqir \$770.  
25 Baqir paid \$300 cash.  
28 Withdrew cash \$1,000 from bank for business use.  
29 Withdrew cash \$400 for personal use.

**Q11:** Record journal entries then prepare Bank and J Watson Accounts:

20X6

- Aug 1 Started in business with £7,400 cash.  
2 Paid £7,000 of the opening cash into the bank.  
4 Bought goods on credit £410 from J Watson.  
5 Bought a van by cheque £4,920.  
7 Bought goods for cash £362.  
10 Sold goods on credit £218 to L Less.  
12 Returned goods to J Watson £42.  
19 Sold goods for cash £54.  
22 Bought goods on credit from J Watson £820.  
24 F Holmes lent us £2,500 paying us the money by cheque.  
29 We paid J Watson his account by cheque £368.  
31 We received cheque £120 from L Less.

**Q12:** Draw trial balance and calculate owner's equity.

	\$
Revenue	250 000
Purchases	90 000
Motor Van	130 000
Premises	260 000
Trade Payables	13 500
Inventories	42 000
Trade receivables	24 500
Bank Overdraft	11 000
Equipment	65 000

**Q13:** The following balances were extracted from the books of Farhan on 30 April 2014.

	\$
Trade payables	6450
Trade receivables	9230
Revenue	68400
Purchases	29800
Inventory 1 May 2013	5100
Expenses	22350
Bank overdraft	830
Non-current assets	24000
Provision for depreciation – Non-current assets	7800

**REQUIRED**

Prepare the trial balance showing Farhan's equity at 30 April 2014.



**Q14:** Draw Trial balance of Areeba’s business from following information on 28 February 2018.

	\$
Bank balance	12 700
Premises	80 300
Trade payables	21 600
Trade receivables	34 600
Inventory	42 900
Motor vehicles	50 000
Drawings	11 100
Bank loan	30 000
Owner’s equity	?????

**Q15:** Record journal entries of following transactions then prepare relevant ledgers and Trial balance.  
2018

- May 1 Started business with cash \$10 000.
- 2 Initial cash deposited into bank \$6 000.
- 4 Paid wages by cash \$650.
- 6 Bought inventories by cheque \$ 400.
- 9 Bought goods \$520 on credit from Hira.
- 10 Sold goods on credit to Sheree \$600.
- 13 Goods returned to Hira \$20.
- 16 Bought goods on credit from Hira \$250.
- 19 Sold goods on credit to Sheree \$900.
- 20 Bought Van by cheque \$2 000.
- 23 Paid cash to Hira \$300.
- 25 Goods returned by Sheree \$50.
- 26 Withdrew cash \$400 by owner for personal use.
- 27 Took bank loan \$3 000 by cheques.
- 30 Received cash from Sheree \$1 450.
- 30 Paid rent by cheque \$550.

**Q16:** On 31 May 2010, Leung extracted the following balances from his books.

	\$
Gross profit	6650
Inventory	4600
Bank loan	3500
Trade Receivables	1200
Trade Payables	2100
Office equipment	4000
Bank	1750 Dr
Discount received	150
Rent and expenses	3850
Equity	?

**REQUIRED**

Prepare the trial balance at 31 May 2010.

**Q17:** Giorgos commenced business on 1 May 2012 with the following assets and liabilities.

	\$
Bank loan	6 000
Bank	1 000 Dr
Cash	600
Premises	15 000
Inventory	1 800
Trade payable – Early Ltd	1 200

**REQUIRED**

Complete the opening trial balance showing clearly the value of the equity.

**Q18:** Jamie provided the following information on 1 May 2012.

	\$
Non-current assets at net book value	14 000
Trade receivables	3 012
Trade payables	1 298
Prepayment of insurance	260
Accrual for rent	350
Bank overdraft	324
Capital	?

**REQUIRED**

Prepare Trial balance as on 1 May 2012.

**Q19:** Mira prepared a trial balance using the following information on 31 March 2015.

	\$
Office fixtures (at cost)	18 000
Office fixtures provision for depreciation	7 200
Trade payables	5 400
General expenses (prepaid)	1 520
Trade receivables	3 700
Inventory	7 800
Bank overdraft	2 600
Equity	?????

**REQUIRED**

Prepare the trial balance at 31 March 2015, including an appropriate balancing entry.

**Q20:** Faara had the following assets and liabilities on 1 May 2015.

	\$
Inventory	2 850
Trade receivable – Jaafar	600
Other payables – Electricity	200
Bank	450 Credit
5% Bank loan (30 September 2020)	5 000
Motor vehicle	4 500

**REQUIRED**

Calculate Faara's equity.

M. BABAR NAEEM Z. 03214438768