

# Double Entry Book Keeping: Journal & Ledger

The system of accounting keeping under which **both the aspects** of every transaction are recognized and recorded in the accounts involved is known as **Double Entry Book-keeping System**.

A **journal** states the date of a transaction, which accounts were affected and the amounts, usually in a double-entry bookkeeping method.

A **ledger** records classified and summarized financial information from journals (the 'books of primary entry') as debits and credits, and shows their current balances.

**Accounting Cycle** refers to the complete sequence of recording, classifying and summarising transactions that are repeated in the same order in each accounting period. It begins with the identification of transactions, followed by measuring, recording, classifying, summarizing, and finally, communicating the results thereof to the interested parties through the financial statements. Care . Grow

The book of account in which all the transactions are recorded daily on a chronological order together with a short description is called Journal. Since, all the transactions are first recorded in the journal, it is also called the **Book of Original Entry**.

Every entry in the 'Books of Primary Entry' (viz. Cash Book, Day Books, and Journal Proper) is followed by a brief description about the transaction for future reference and clarification. This description is known as **Narration**.

The books of primary entry in which transactions of similar type are recorded chronologically are called **Subsidiary Books** (or Day Books). Two examples of Subsidiary Books are: (a) Purchase Day Book (b) Sales Day Book.

**Debit Note** is prepared by the purchaser on the return of purchased goods to the

supplier/creditor. **Credit Note** is prepared by the seller on getting back the sold goods from the customer/debtor.

**Journal Proper** is a book of primary entry in which those transactions which are not be recorded in any of the specific subsidiary books get recorded. It is also known as **General Journal or the Residuary Book**.

The transactions for which no separate book of primary entry is maintained **gets recorded in the Journal Proper**. Four such entries are: (i) Opening Entry, (ii) Closing Entry, (iii) Adjustment Entry, and (iv) Rectification Entry.

Journalize the following transactions in the books of Mr. Vishal:

2015

Mar. 1 Commenced business with cash of Rs.1,50,000; stock of Rs.40,000 and building of Rs.2,50,000.

Mar. 3 Furniture purchased for cash Rs.45,000.

Mar. 6 Goods purchased from Samy worth Rs.25,000.

Mar.7 Goods sold for cash to Naveen Rs.40,000.

Mar.10 Goods purchased for cash from AkramRs.65,000.

Mar. 14 Goods sold to Murali Ltd for Rs.16,000.

Mar. 15 Murali Ltd returned goods worth Rs.4,200.

Mar. 19 Mr. Vishal withdrew cash of Rs.24,000 and stock of Rs.5,600 from his business.

Mar. 21 Insurance premium of Rs.26,500 and advertisement of Rs.3,200 paid to an agency.

Mar. 27 Cash of Rs.24,500 paid to Samy in full settlement of his claim.

Mar. 31 Salaries paid to office staff Rs.23,200

**Solution**

**Books of Mr. Vishal  
Journal**

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2015 Mar 1	Cash A/c Dr. Stock A/c Dr. Building A/c Dr. To Capital A/c (Being business started with cash, goods and building)		1,50,000 40,000 2,50,000	4,40,000
Mar 3	Furniture A/c Dr. To Cash A/c (Being furniture purchased in cash)		45,000	45,000
Mar 6	Purchases A/c Dr. To Samy A/c (Being goods purchased from Samy on credit)		25,000	25,000
Mar 7	Cash A/c Dr. To Sales A/c (Being goods sold to Naveen for cash)		40,000	40,000
Mar 10	Purchases A/c Dr. To Cash A/c (Being goods purchased from Akram for cash)		65,000	65,000
Mar 14	Murali Ltd A/c Dr. To Sales A/c (Being goods sold on credit to Murali Ltd.)		16,000	16,000
Mar 15	Return Inwards A/c Dr. To Murali Ltd A/c (Being goods returned by Murali Ltd)		4,200	4,200
Mar 19	Drawings A/c Dr. To Cash A/c To Purchases A/c (Being goods and cash withdrawn by the proprietor)		29,600	24,000 5,600
Mar 21	Insurance A/c Dr. Advertisement A/c Dr. To Cash A/c (Being insurance and advertisement paid)		26,500 3,200	29,700
Mar 27	Samy A/c Dr. To Cash A/c To Discount Received A/c (Being the amount paid to Samy in full settlement of his claim)		25,000	24,500 500
Mar 31	Salaries A/c Dr. To Cash A/c (Being salaries paid)		23,200	23,200

From the following information, prepare necessary ledger accounts in the books of Jadav for the year 2014:

- Sept. 1 Started business with cash Rs.8,000
- Sept. 3 Purchased goods from Satish Rs.3,500
- Sept. 5 Sold goods for cash Rs.7,200
- Sept. 14 Sold good to AshaRs.4,000
- Sept. 16 Paid to SatishRs.2,500
- Sept. 17 Goods returned by AshaRs.600
- Sept. 19 Plant purchased for production Rs.6,000
- Sept. 21 Amount received from AshaRs.3,400
- Sept. 30 Goods purchased for cash Rs.500

**Solution**

**Books of Jadav  
Ledger**

Dr.				Cr.			
Capital A/c				Capital A/c			
Date	Particulars	J. F.	₹	Date	Particulars	J. F.	₹
30.9.14	To Balance c/f		8,000	1.9.14	By Cash A/c		8,000
			8,000				8,000

  

Dr.				Cr.			
Purchases A/c				Purchases A/c			
Date	Particulars	J. F.	₹	Date	Particulars	J. F.	₹
3.9.14	To Satish A/c		3,500	30.9.14	By Balance c/f		4,000
30.9.14	To Cash A/c		500				4,000
			4,000				4,000

  

Dr.				Cr.			
Satish A/c				Satish A/c			
Date	Particulars	J. F.	₹	Date	Particulars	J. F.	₹
16.9.14	To Cash A/c		2,500	3.9.14	By Purchases A/c		3,500
30.9.14	To Balance c/f		1,000				3,500
			3,500				3,500

  

Dr.				Cr.			
Cash A/c				Cash A/c			
Date	Particulars	J. F.	₹	Date	Particulars	J. F.	₹
1.9.14	To Capital A/c		8,000	16.9.14	By Satish A/c		2,500
5.9.14	To Sales A/c		7,200	19.9.14	By Plant A/c		6,000
21.9.14	To Asha A/c		3,400	30.9.14	By Purchases A/c		500
			18,600	30.9.14	By Balance c/f		9,600
			18,600				18,600

Dr.				Sales A/c				Cr.			
Date	Particulars	J. F.	₹	Date	Particulars	J. F.	₹				
30.9.14	To Balance c/f		11,200	5.9.14	By Cash A/c		7,200				
				14.9.14	By Asha A/c		4,000				
			11,200				11,200				

Dr.				Asha A/c				Cr.			
Date	Particulars	J. F.	₹	Date	Particulars	J. F.	₹				
14.9.14	To Sales A/c		4,000	17.9.14	By Return Inward A/c		600				
				21.9.14	By Cash A/c		3,400				
			4,000				4,000				

Dr.				Return Inward A/c				Cr.			
Date	Particulars	J. F.	₹	Date	Particulars	J. F.	₹				
17.9.14	To Asha A/c		600	30.9.14	By Balance c/f		600				

Dr.				Plant A/c				Cr.			
Date	Particulars	J. F.	₹	Date	Particulars	J. F.	₹				
19.9.14	To Cash A/c		6,000	30.9.14	By Balance c/f		6,000				



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