

**Course  
&  
Test Series**

**Manual Accounting - Module 7**

**Journal Entries**

**Ques 1: Practice the following questions:**

1. Started business with cash: Rs 10,00,000
2. Purchased goods for cash: Rs 2,00,000
3. Fire insurance premium paid in cash: Rs 50,000
4. Purchased goods on credit: Rs 1,00,000
5. Paid Rent: Rs 20,000
6. Sold goods to Ram at cost price: Rs 20,000
7. Sold goods for cash (cost price = 4,000): Rs 6000
8. Payment to creditors: Rs 86,000
9. Purchased machinery: Rs 5,00,000
10. Purchased computer for office use worth: Rs 30,000

**Solution:**

1. Started business with cash: ₹10,00,000

Account	Debit	Credit
Cash	₹10,00,000	
Capital		₹10,00,000

2. Purchased goods for cash: ₹2,00,000

Account	Debit	Credit
Purchases	₹2,00,000	
Cash		₹2,00,000

3. Fire insurance premium paid in cash: ₹50,000

Account	Debit	Credit
Insurance Expense	₹50,000	
Cash		₹50,000

4. Purchased goods on credit: ₹1,00,000

Account	Debit	Credit
Purchases	₹1,00,000	
Accounts Payable		₹1,00,000

5. Paid rent: ₹20,000

Account	Debit	Credit

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Account	Debit	Credit
Rent Expense	₹20,000	
Cash		₹20,000

6. Sold goods to Ram at cost price: ₹20,000

Account	Debit	Credit
Accounts Receivable (Ram)	₹20,000	
Sales Revenue		₹20,000

7. Sold goods for cash (cost price = ₹4,000): ₹6,000

Account	Debit	Credit
Cash	₹6,000	
Sales Revenue		₹6,000

8. Cost of Goods Sold Entry:

Account	Debit	Credit
Cost of Goods Sold	₹4,000	
Inventory		₹4,000

9. Payment to creditors: ₹86,000

Account	Debit	Credit
Accounts Payable	₹86,000	
Cash		₹86,000

10. Purchased machinery: ₹5,00,000

Account	Debit	Credit
Machinery	₹5,00,000	
Cash		₹5,00,000

11. Purchased computer for office use worth: ₹30,000

Account	Debit	Credit
Office Equipment	₹30,000	
Cash		₹30,000

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**Ques 2: Practice Questions**

1. Purchased office supplies for cash: ₹5,000
2. Received cash from Ram for the goods sold earlier: ₹20,000
3. Paid salaries to employees: ₹60,000
4. Purchased a delivery van on credit: ₹3,00,000
5. Owner withdrew cash for personal use: ₹15,000
6. Paid electricity bill: ₹7,000
7. Received rent income in cash: ₹12,000
8. Issued shares for cash: ₹2,50,000
9. Paid interest on bank loan: ₹8,000
10. Received a bank loan: ₹1,00,000

Solution:

**Journal Entries**

1. **Purchased office supplies for cash: ₹5,000**

Account	Debit	Credit
Office Supplies	₹5,000	
Cash		₹5,000

2. **Received cash from Ram for the goods sold earlier: ₹20,000**

Account	Debit	Credit
Cash	₹20,000	
Accounts Receivable (Ram)		₹20,000

3. **Paid salaries to employees: ₹60,000**

Account	Debit	Credit
Salaries Expense	₹60,000	
Cash		₹60,000


4. **Purchased a delivery van on credit: ₹3,00,000**

Account	Debit	Credit
Delivery Van	₹3,00,000	
Accounts Payable		₹3,00,000

5. **Owner withdrew cash for personal use: ₹15,000**

Account	Debit	Credit
Owner's Drawings	₹15,000	

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Account	Debit	Credit
Cash		₹15,000

6. Paid electricity bill: ₹7,000

Account	Debit	Credit
Electricity Expense	₹7,000	
Cash		₹7,000

7. Received rent income in cash: ₹12,000

Account	Debit	Credit
Cash	₹12,000	
Rent Income		₹12,000

8. Issued shares for cash: ₹2,50,000

Account	Debit	Credit
Cash	₹2,50,000	
Share Capital		₹2,50,000

9. Paid interest on bank loan: ₹8,000

Account	Debit	Credit
Interest Expense	₹8,000	
Cash		₹8,000

10. Received a bank loan: ₹1,00,000

Account	Debit	Credit
Cash	₹1,00,000	
Bank Loan		₹1,00,000

**Ques 3: Make Journal Entries**

- Bought office furniture on credit: ₹1,50,000
- Paid for repairs and maintenance: ₹25,000
- Received cash from a customer for services provided: ₹75,000
- Deposited cash into the business bank account: ₹2,00,000
- Purchased raw materials for production on credit: ₹1,20,000
- Paid transportation charges in cash: ₹5,000
- Issued shares to investors for cash: ₹3,00,000
- Paid dividends to shareholders: ₹30,000
- Purchased land for office use: ₹7,00,000
- Received a loan from a bank: ₹4,00,000

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Ques 4: Make Journal Entries

1. Paid office rent in cash: ₹40,000
2. Received advance from customer: ₹25,000
3. Paid salary to staff: ₹90,000
4. Purchased office supplies on credit: ₹15,000
5. Sold goods on credit to Shyam: ₹30,000
6. Paid for office cleaning services in cash: ₹8,000
7. Received cash for services rendered: ₹50,000
8. Paid for printing and stationery in cash: ₹6,000
9. Owner invested additional cash into the business: ₹2,00,000
10. Paid interest on bank loan: ₹5,000

Ques 5: Make Journal Entries

1. Bought a delivery van for cash: ₹3,50,000
2. Paid telephone bill: ₹3,000
3. Purchased raw materials for production in cash: ₹1,00,000
4. Issued shares to a new investor for cash: ₹4,00,000
5. Paid for travel expenses: ₹10,000
6. Sold goods on credit to Ravi: ₹50,000
7. Received payment from Shyam (previous sale): ₹30,000
8. Paid wages to factory workers: ₹75,000
9. Paid for office repairs: ₹12,000
10. Purchased building for office use: ₹15,00,000

