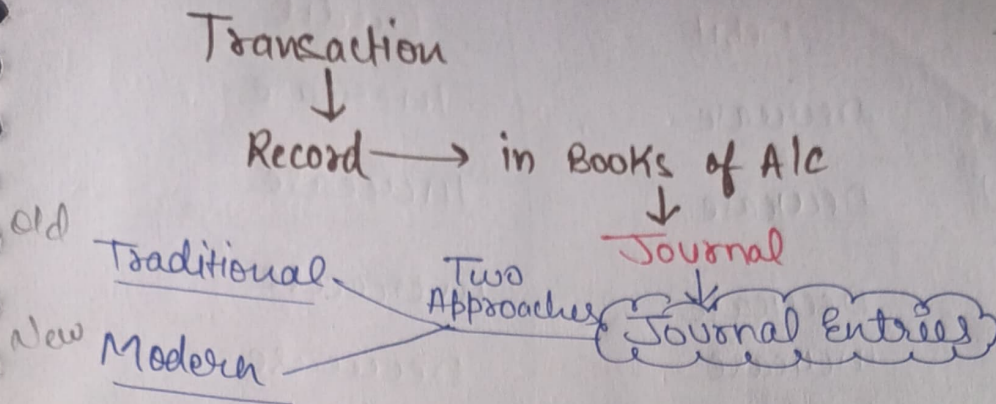
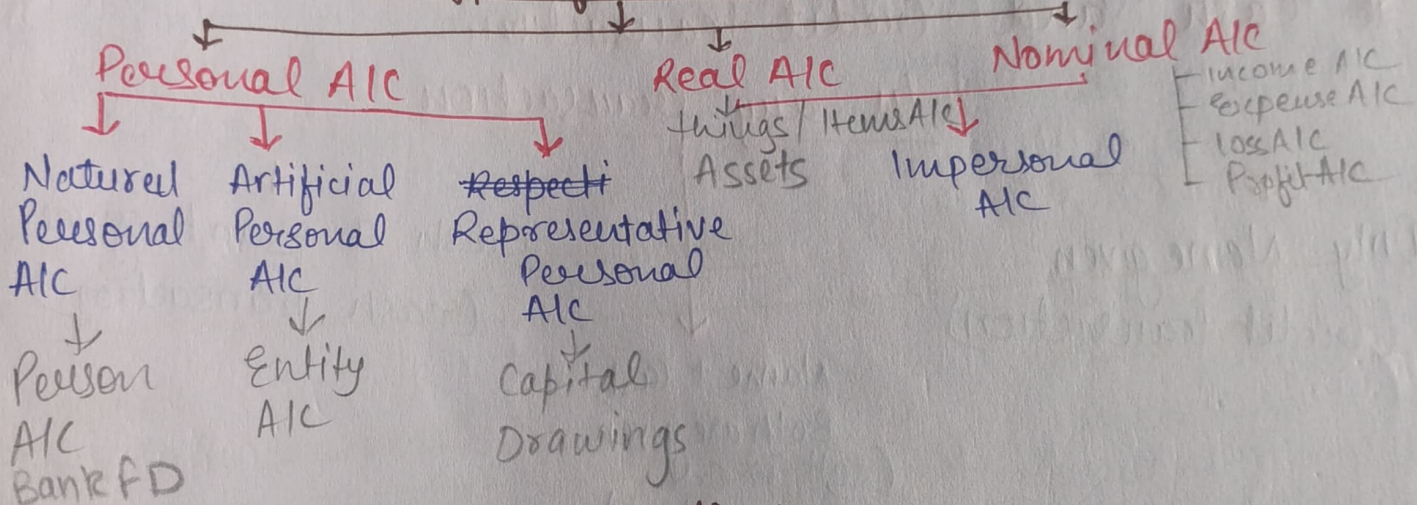


Ch-2 Accounting process
Unit 1 - Basic Accounting procedures - Journal Entries (Recording)



* Traditional Approach to Recording:-

Types of Account



* Modern Approach to Recording:-

- C Capital / Drawing A/c
- L Liability A/c
- E Expense / Loss A/c
- A Asset A/c
- R Revenue / Income A/c - Profit

* Rule for Journaling (Traditional Approach):-

Type of A/c	Debit	Credit
Personal A/c	Receiver	Giver
Real A/c	What Comes in	What Goes out
Nominal A/c	All Expense / Loss	All incomes / Profit

* Rules for Journalizing (Modern Approach):

Type of A/c	Debit	Credit
Capital	Decrease	Increase
Liability (Creditors)	Decrease	Increase
Revenue	Decrease	Increase
Asset (Debtors)	Increase	Decrease
Expense	Increase	Decrease
Drawing (Personal A/c)	Increase	Decrease

* Cash and Credit transaction:- In any transaction

Only Name given
(Credit transaction)

Cash & Bank given
(Cash transaction)

Name + Cash
Both are given
(It is cash transaction)

* Transaction with Business man:-

a) Introduction of Capital into Business

Cash / Bank A/c

Dr.

Assets A/c

Dr.

To Capital A/c

b) Withdrawal of Capital from Business.

Capital A/c

Dr.

To Cash / Bank A/c

c) Drawings made by owner

Drawings A/c Dr.
To Cash/Bank A/c
To Purchase A/c

d) Interest on Capital
Int. on Capital A/c Dr.
To Capital A/c

e) Interest on Drawing

Drawing A/c Dr.
To Interest on Drawing A/c

* Transaction with Bank :-

a) Deposit of money.

Bank A/c Dr.
To Cash A/c

b) withdrawal of money.

Cash A/c Dr.
To Bank A/c

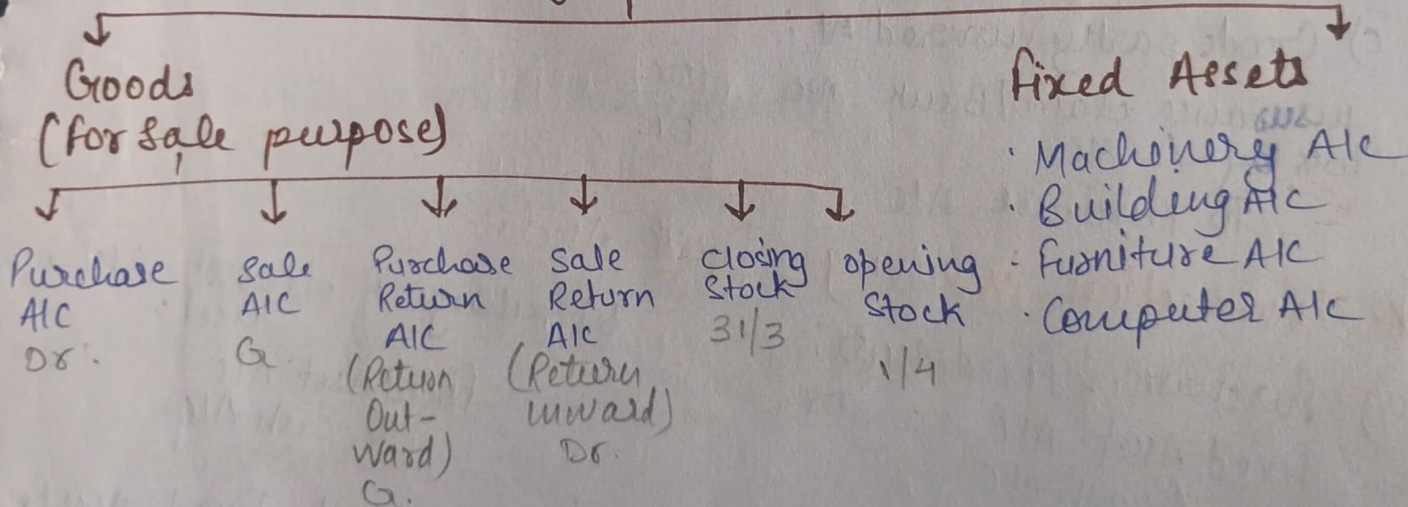
c) Interest on money deposited

Bank A/c Dr.
To Bank Int.

d) Bank charges deducted by Bank

Bank charges A/c Dr.
To Bank A/c

Things / Items



* Transaction including Goods :-

a) Purchase of goods :-

Purchase A/c Dr.
To Cash/Bank/Supplier A/c

b) Sale of goods

Cash/Bank/Customer A/c Dr.
To Sales A/c

c) Purchase Return

Supplier A/c Dr.
To Purchase Return A/c

d) Sale Return

Sale Return A/c Dr.
To Customer A/c

c) Expenses on Sale / Purchase:- (Carriage, freight, octroi)

Expense Inward A/c Dr.
Expense Outward A/c Dr.
To Cash A/c
To Creditors A/c

f) charity / donation / sample sale in goods:-

Charity / Donation / Adv. A/c Dr.
To Purchase A/c

Note:- Sale A/c is not credited as it is not a sale here purchase are reduced at cost.

* Treatment of Loss of GOODS :- (By fire / By Accident / By theft)

a) Goods uninsured:-

Loss by theft / fire A/c Dr.
To Purchase A/c

b) Good fully insured:-

Insurance claim A/c Dr.
To Purchase A/c

c) Goods partly insured :-

Insurance claim / Bank A/c Dr.
Loss by -/- A/c Dr.
To Purchase A/c

* Transaction involving fixed Assets:-

a) Purchase of fixed Assets:-

Fixed Asset A/c Dr.
To Cash A/c

b) Exchange of old asset with new asset:-

Fixed Asset A/c Dr.
To Cash A/c

c) charging Depreciation fixed Asset

Depreciation A/c Dr.
To Fixed Asset A/c

d) Sale of fixed Assets

Cash A/c Dr.
Loss of Sale on Asset A/c Dr.
To Fixed Asset A/c
To Profit on sale of Assets

e) Self Made fixed Assets:-

Fixed Asset A/c Dr.
To Cash A/c
To Purchase A/c

* Treatment of Discount:-

a) Trade Discount:- Bulk Discount (saman lete / Bechte samay)
 i) Cash A/C Dr. ii) Purchase A/C Dr. (PP - TD)
 To Sale A/C (SP - TD) To Cash A/C

b) Cash Discount:- (Paise dete / lete samay)

i) Cash A/C Dr. ii) Supplier A/C Dr.
 Cash Dis. Allowed A/C Dr. To Cash A/C
 Expense To Customer A/C To Cash Dis. Received A/C

- Trade dis. & Cash dis. simultaneously income

i) Cash A/C Dr. ii) Purchase A/C Dr.
 Cash Dis. Allowed A/C Dr. To Cash A/C
 To Sale A/C To Cash Dis. Received A/C

* Treatment of (Insolvency):- Liability > Asset

a) Bad debts:- (loss)
 Bad debts A/C Dr.
 To Customer A/C

b) Post Payment and Bad debts:-
 (Receive) Cash A/C Dr.
 Bad Debts A/C Dr.
 To Customer A/C

c) Bad debts Recovered Subsequently:-
 Cash A/C Dr.
 To Bad debts Recovered A/C (gain)

* Treatment of Expenses:-

a) Expenses paid:-
 Expense A/C Dr.
 To Cash A/C

b) Expense Outstanding:-
 due but not paid Expense A/C Dr.
 To Expense Outstanding A/C
 pay in future / payable

c) Expense paid in Advance:-
 Prepaid Expense A/C Dr.
 To Cash A/C

d) Expense Outstanding A/C
 TO Cash
 last year paid.

(पैसे देना था अब दिया)

* Treatment of Income :-

a) Income Received :-

Cash A/c Dr.
To Income A/c

c) Income Received in Advance :-

Cash A/c Dr.
To Income Received in Advance A/c

due but not receive

b) Income Accrued :-
Income accrued A/c Dr.
To Income A/c

(Receivable in future)

d) Last year received

Cash A/c Dr.
To Income accrued

Opening Entry 'Format'

All Assets A/c Dr.

To All Liabilities A/c (-)

To Capital (Difference)

x x x

x x x

x x x

Accounting for GST :- (Indirect tax)

Tax → Goods & Services

↓
on Sale / Supply

India is 'Federal Structure'

Half (CGST) Central GST ← Central govt.

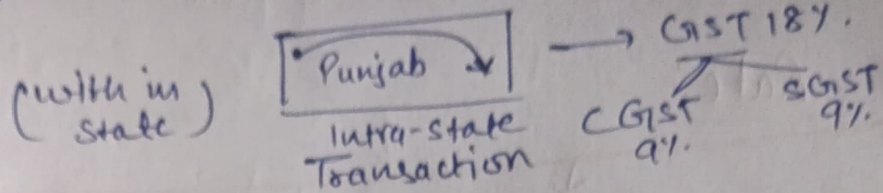
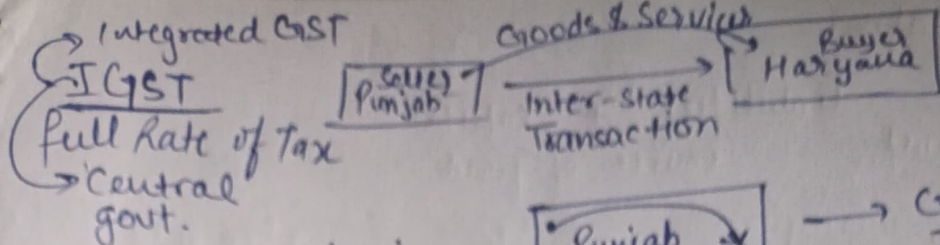
Half (SGST) State GST ← + State govt.

Half (UTGST) ← (Union territory)

$$CGST + SGST = \text{Total GST}$$

$$CGST + UTGST = \text{Total GST}$$

$$SGST + UTGST = \text{Total GST}$$



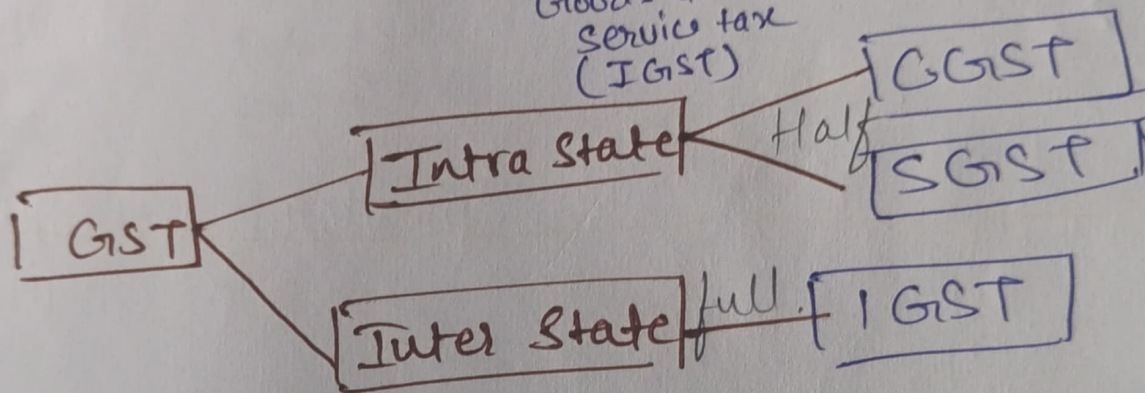
Type of Taxes under GST

Central GST (CGST)

State GST (SGST)

Union territory GST (UTGST)

Integrated Goods & Service tax (IGST)



Input & Output GST

Output GST

~~Buyer~~ Seller (liability)

GST charged on supply of goods & services made by a Supplier

Buyer in

~~Seller~~ Output GST

(Asset)

Credit of Input tax already paid at the time of Purchase.

* Note:- Tax Pe discount nahi lage ga

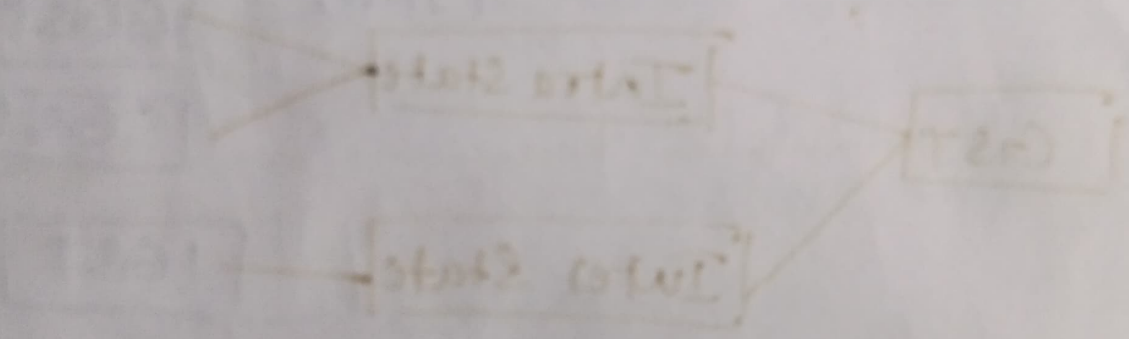
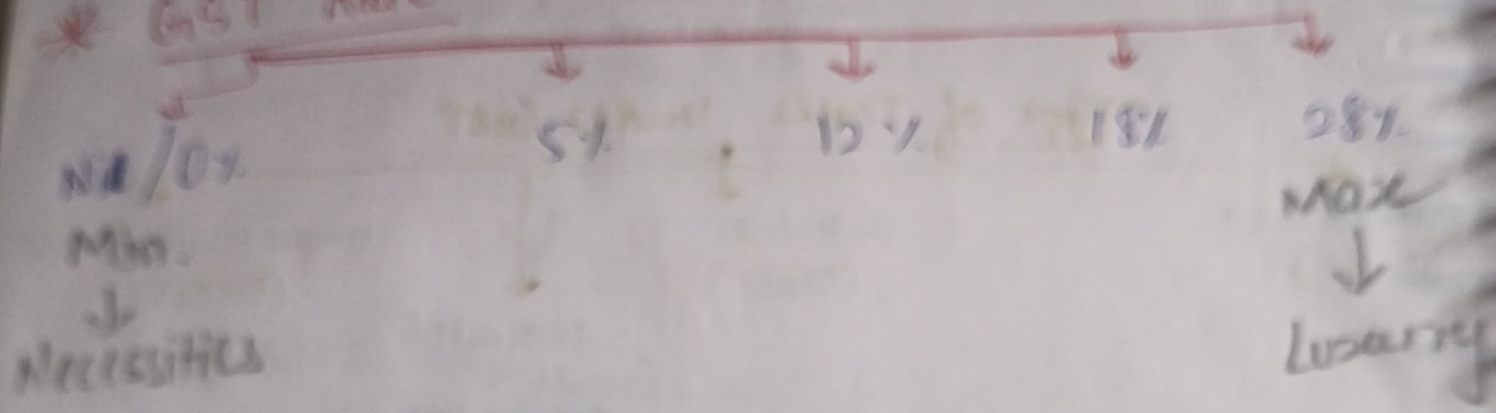
TD & CD

- TD lagane ke bad CD lagate hai.
- TD lagane ke bad jo value ati hai uspe Tax lagate hai.

*** Accounting equations**

Assets = Liabilities + Capital
 source of fund

*** GST Rate %**



Input tax credit & Output tax

Unit 2. ledger (classification stage)

* Ledger is principle book of accounts to which the transactions recorded in the book of original entry (Journal) are transferred.

Procedure of Maintaining of Ledge Account.

Posting

Posting the
entries from
the ~~ledgers~~.
Journal
in ledgers

Totaling

Calculate
Debit Side &
Credit Side.

Balancing.

Debit Balance
is equal to Credit
Balance
 $Dr. = Cr.$

(format of ledger)

↳ Casting (Totaling)

Balancing of A/c.

Real A/c

↓
Assets

Personal A/c

↓
Personal

Nominal A/c

↓
Expense
Income
loss
Gain.

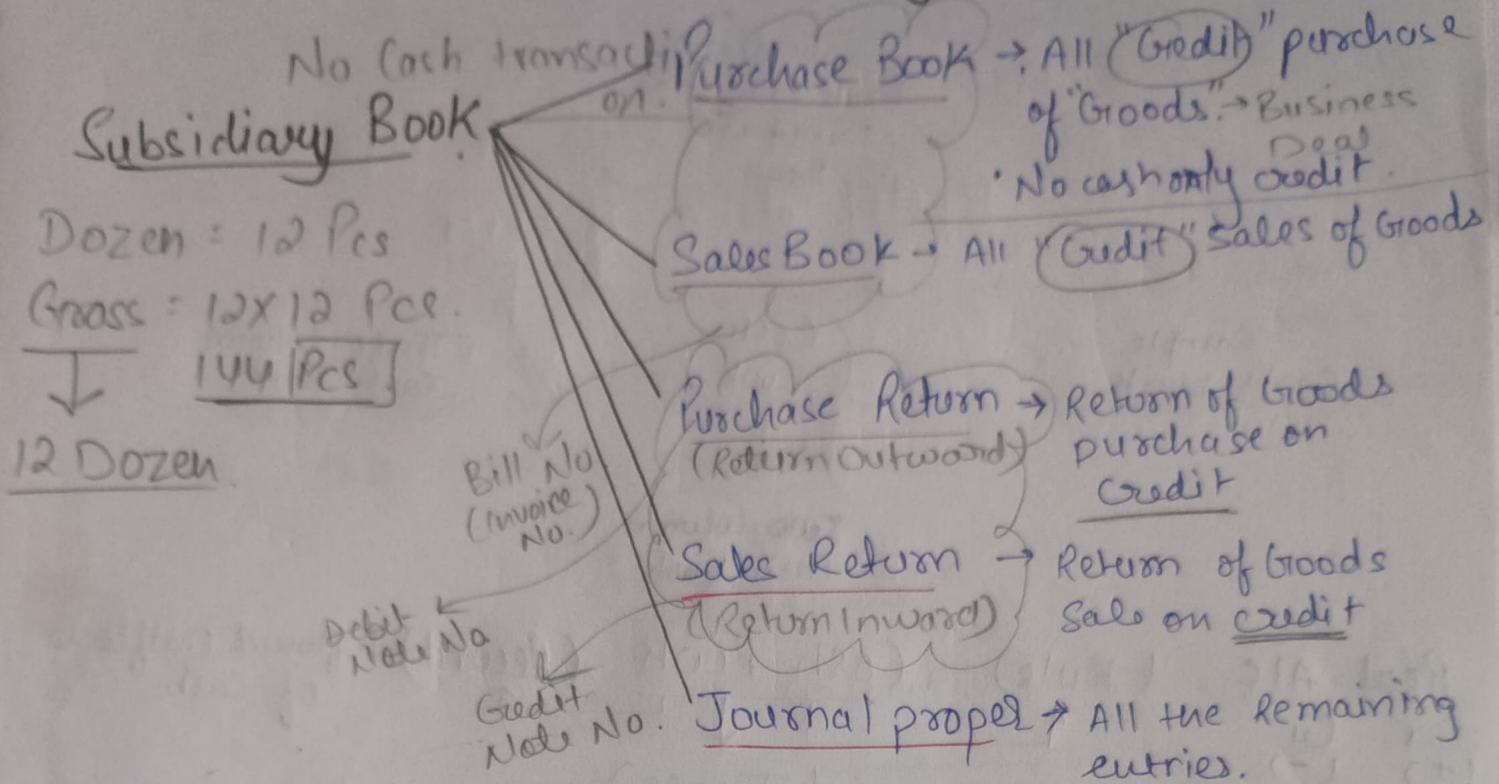
Balanced in

Balance sheet.

Trading A/c

& Profit & Loss A/c

Unit 4 Subsidiary Book



Format of Subsidiary Book

Date	Particular	Detail	Amount
xxx	xxx	xxx	
		xxx	xxx