

**PROBLEMS FOR LEDGER ACCOUNT (1-5)**

**Problem # 8.1:** Creative Advertising, owned by Miss Abida Masood, provides advertising consulting services. During January 2011, the following events occurred:

- Jan. 2 Owner contributed Rs. 50,000 and a new computer costing Rs. 20,500 to start her business  
 Jan. 4 Office supplies were purchased on account for Rs. 4,000  
 Jan. 10 Creative Advertising obtained 12% 5-year loan of Rs. 20,000 from the bank  
 Jan. 12 Creative Advertising paid the utility bills for Rs. 2,750  
 Jan. 15 Paid the Rs. 3,000 in Accounts Payable from the purchase of office supplies on Jan. 4  
 Jan. 24 Advertising services completed in January were billed to clients Annie's Flowers at Rs. 18,300  
 Jan. 27 Creative Advertising received Rs. 5,500 from Annie's Flowers, a client, as payment on account  
 Jan. 30 Miss Abida Masood withdrew Rs. 6,000 of cash for personal use

**General Journal**

Date		Account Title and Explanations	Ref	Amount (Rs.)	
				Debit	Credit
<b>2011</b>					
<b>Jan</b>	<b>2</b>	Cash Computer Owner's Equity_ Miss Abida Masood (Started business with cash and computer)		50,000 20,500	70,500
	<b>4</b>	Office Supplies Account Payable (Office Supplies purchase on credit)		4,000	4,000
	<b>10</b>	Cash Bank Loan (Bank loan obtained)		20,000	20,000
	<b>12</b>	Utility Bills Cash (Utility bill paid)		2,750	2,750
	<b>15</b>	Account Payable Cash (Paid partial account payable)		3,000	3,000
	<b>24</b>	Account Receivable_ Annie's Flowers Advertising services (Bill to customer for services earned)		18,300	18,300
	<b>27</b>	Cash Account Receivable_ Annie's Flowers (Received cash from customer billed previously)		5,500	5,500
	<b>30</b>	Drawing Cash (Withdrew of cash by owner)		6,000	6,000
	<b>Total</b>				<b>Rs. 130,050</b>



**Account # 6** **Advertising Services** **Page #**

<i>Date</i>	<i>Description</i>	<i>Ref</i>	<i>Amount (Rs.)</i>	<i>Date</i>	<i>Description</i>	<i>Ref</i>	<i>Amount (Rs.)</i>

**Account # 7** **Bank Loan Account** **Page #**

<i>Date</i>	<i>Description</i>	<i>Ref</i>	<i>Amount (Rs.)</i>	<i>Date</i>	<i>Description</i>	<i>Ref</i>	<i>Amount (Rs.)</i>

**Account # 8** **Utility Bills Account** **Page #**

<i>Date</i>	<i>Description</i>	<i>Ref</i>	<i>Amount (Rs.)</i>	<i>Date</i>	<i>Description</i>	<i>Ref</i>	<i>Amount (Rs.)</i>

**Account # 9** **Account Receivable** **Page #**

<i>Date</i>	<i>Description</i>	<i>Ref</i>	<i>Amount (Rs.)</i>	<i>Date</i>	<i>Description</i>	<i>Ref</i>	<i>Amount (Rs.)</i>

**Account # 10** **Drawing Account** **Page #**

<i>Date</i>	<i>Description</i>	<i>Ref</i>	<i>Amount (Rs.)</i>	<i>Date</i>	<i>Description</i>	<i>Ref</i>	<i>Amount (Rs.)</i>

*Trial Balance*

<i>S. No.</i>	<i>Heads of Account</i>	<i>Ref</i>	<i>Amount (Rs.)</i>	
			<i>Debit</i>	<i>Credit</i>
1	Cash			
2	Computer			
3	Owner's Equity			
4	Office Supplies			
5	Account Payable			
6	Advertising Services			
7	Bank Loan			
8	Utility Bills			
9	Account Receivable			
10	Drawing			
<b>Total</b>			<b>109,800</b>	<b>109,800</b>

**Problem # 8.2:** Shah Garden Center is retail garden supplier. Record the transactions needed to journalize, post to respective ledger account and prepare trial balance of the following for October, 2011 of the current year:

**Oct. 2** Purchased inventory on credit terms of 1/10 net 30. FOB shipping point, for Rs. 3,000. Freight charges on the purchase were Rs. 150

**Oct. 9** Sold garden supplies on credit terms 3/20 net 30, FOB shipping point, for Rs. 4,000. The cost of the supplies sold was Rs. 2,500

**Oct. 10** Paid the amount owed on account for the Oct. 2 inventory purchase.

**Oct. 15** Received merchandise that was returned as defective, originally sold for Rs. 500 on Oct. 9. The original cost of the supplies returned was Rs. 275

**Oct. 25** Received payment on account for the Oct. 9 sale less the appropriate sales discount

**Oct. 28** Inventory lost by fire of cost Rs. 350

### General Journal

Date	Account Title and Explanations	Ref	Amount (Rs.)	
			Debit	Credit
<b>2011</b>				
<b>Oct</b>				
2	Inventory Account Payable (Inventory purchase on credit)		3,150	3,150
9	Account Receivable Sales (Credit sales)		4,000	4,000
9	Cost of Sales Inventory (Cost of inventory recorded)		2,500	2,500
10	Account Payable Discount Cash (Account payable paid and received discount)		3,150	3,120 30
15	Sales Return Account Receivable (Goods returned recorded)		500	500
15	Inventory Cost of Sales (Reversing the cost of sales account)		275	275
25	Cash Discount Account Receivable (Received cash and discount allowed recorded)		3,395 105	3,500
28	Lost by fire Inventory (Inventory lost by fire recorded)		350	350
<b>Total</b>			<b>Rs. 27,425</b>	<b>Rs. 27,425</b>



Account # 6				Discount Account				Page #
Date	Description	Ref	Amount (Rs.)	Date	Description	Ref	Amount (Rs.)	

Account # 7				Cash Account				Page #
Date	Description	Ref	Amount (Rs.)	Date	Description	Ref	Amount (Rs.)	

Account # 8				Sales Return Account				Page #
Date	Description	Ref	Amount (Rs.)	Date	Description	Ref	Amount (Rs.)	

Account # 9				Lost by fire Account				Page #
Date	Description	Ref	Amount (Rs.)	Date	Description	Ref	Amount (Rs.)	

*Shah Garden*  
*Trial Balance*  
*As on October, 2011*

S. No.	Heads of Account	Ref	Amount (Rs.)	
			Debit	Credit
1	Inventory			
2	Account Payable			
3	Account Receivable			
4	Sales			
5	Cost of Sales			
6	Discount			
7	Cash			
8	Sales Return			
9	Lost by fire			
<b>Total</b>			<b>Rs. 4,000</b>	<b>Rs. 4,000</b>

**Problem # 8.3:** Record following transaction in T accounts directly?

(a) The business purchases products for stock and pays Rs. 3,500 cash for purchases

<b>Stock</b>	<b>Cash</b>

(b) A business pays a telephone bills for Rs. 425

<b>Telephone Expense</b>	<b>Cash</b>

(c) A business pays Rs. 1,200 for bank loan

<b>Bank Loan</b>	<b>Cash</b>

(d) The owner invests additional Rs. 25,000 in the business

<b>Cash</b>	<b>Owner's Equity</b>

(e) The business receives a cheque for Rs. 400 from customer who is paying for goods received but not previously paid for.

<b>Debtor</b>	<b>Cash</b>

(f) Make sales during the year for Rs. 2,400 (all are cash sales)

<b>Sales</b>	<b>Cash</b>





**Account # 8 Insurance Expense Account Page #**

Description	Amount	Description	Amount

**Account # 9 Drawing Account Page #**

Description	Amount	Description	Amount

**Account # 10 Note Payable Page #**

Description	Amount	Description	Amount

**Account # 11 Equipments Account Page #**

Description	Amount	Description	Amount

**ABC Ltd.**  
**Trial Balance**  
As on June 30<sup>th</sup>, 2008

S. No	Description	Ref	Dr	Cr
1	Cash			
2	Owner Equity			
3	Note Receivable			
4	Stationery			
5	Services Revenue			
6	Prepaid Insurance			
7	A/c Receivable			
8	Insurance Exp.			
9	Drawing			
10	Equipments			
11	Note Payable			
<b>Total</b>			<b>Rs. 18,400</b>	<b>Rs. 18,400</b>



