

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

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

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

Account # 8				Utility Bills Account				Page #
Date	Description	Ref	Amount (Rs.)	Date	Description	Ref	Amount (Rs.)	

Account # 9				Account Receivable				Page #
Date	Description	Ref	Amount (Rs.)	Date	Description	Ref	Amount (Rs.)	

Account # 10				Drawing Account				Page #
Date	Description	Ref	Amount (Rs.)	Date	Description	Ref	Amount (Rs.)	

Trial Balance				
S. No.	Heads of Account	Ref	Amount (Rs.)	
			Debit	Credit
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			
Total			109,800	109,800

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
2011				
Oct				
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
Total			Rs. 27,425	Rs. 27,425

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			
Total			Rs. 4,000	Rs. 4,000

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

Stock	Cash

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

Telephone Expense	Cash

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

Bank Loan	Cash

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

Cash	Owner's Equity

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

Debtor	Cash

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

Sales	Cash

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 30th, 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			
Total			Rs. 18,400	Rs. 18,400

<i>Supplies</i>		<i>Account No. 8</i>		<i>Wages Account</i>		<i>Account No. 9</i>	
<i>Description</i>	<i>Amount</i>	<i>Description</i>	<i>Amount</i>	<i>Description</i>	<i>Amount</i>	<i>Description</i>	<i>Amount</i>

ABC Ltd.
Trial Balance

As on March 30th, 2008

<i>S.No</i>	<i>Description</i>	<i>Ref</i>	<i>Dr</i>	<i>Cr</i>
1	Bank			
2	Capital			
3	Motor Car			
4	Equipments			
5	Account Receivable			
6	Painting Receivable			
7	Cash			
8	Supplies			
9	Wages			
	Total		243,400	243,400

ABC Ltd.
Trial Balance

As on March 30th, 2008

<i>S.No</i>	<i>Description</i>	<i>Ref</i>	<i>Balances</i>		<i>Totals</i>	
			<i>Dr</i>	<i>Cr</i>	<i>Dr</i>	<i>Cr</i>
1	Bank					
2	Capital					
3	Motor Car					
4	Equipments					
5	Account Receivable					
6	Painting Receivable					
7	Cash					
8	Supplies					
9	Wages					
	Total		243,400	243,400	310,600	310,600