

## Chapter 3: Journal

### EXERCISE 1 [PAGE 81]

Exercise 1 | Q 1 | Page 81

#### QUESTION

##### Answer in One Sentence:

What is Journal ?

#### SOLUTION

A journal is a book prepared to classify or sort out transactions in a form convenient for their subsequent entry in the ledger.

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#### QUESTION

##### Answer in One Sentence:

What is Narration?

#### SOLUTION

Exercise 1 | Q 3 | Page 81

#### QUESTION

##### Answer in One Sentence:

What is GST?

#### SOLUTION

GST means Goods and Service Tax. GST is one nation, one tax, one market.

Exercise 1 | Q 4 | Page 81

#### QUESTION

##### Answer in One Sentence:

In which year GST was imposed by the Central Government of India?

#### SOLUTION

GST was imposed by the Central Government of India in the year 2017 (1st July 2017).

### QUESTION

#### Answer in One Sentence:

What is meant by simple entry ?

### SOLUTION

For a transaction, entry in which only two accounts are affected, one account is debited and the other account is credited, is known as simple entry.

### QUESTION

#### Answer in One Sentence:

What is the meaning of Combined Entry?

### SOLUTION

A journal entry which contains more than one debit or more than one credit or both effects of a transaction is known as a combined/compound journal entry.

### QUESTION

#### Answer in One Sentence:

Which account is debited, when rent is paid by debit card?

### SOLUTION

When rent is paid by debit card, Rent A/c is debited.

### QUESTION

#### Answer in One Sentence:

Which discount is not recorded in the books of account?

### SOLUTION

Trade discount is not recorded in the books of account.



## **QUESTION**

### **Answer in One Sentence:**

In which order monthly transactions are recorded in a journal?

## **SOLUTION**

In the order of their occurrence, monthly transactions are recorded in a journal.

Exercise 1 | Q 10 | Page 81

## **QUESTION**

### **Answer in One Sentence:**

Which account is credited, when goods are sold on credit?

## **SOLUTION**

When goods are sold on credit, Sales account is credited.

## **EXERCISE 2 [PAGE 81]**

Exercise 2 | Q 1 | Page 81

## **QUESTION**

### **Give one word/term or phrase for the following statement:**

A book of prime entry.

## **SOLUTION**

Journal

Exercise 2 | Q 2 | Page 81

## **QUESTION**

### **Give one word/term or phrase for the following statement:**

The tax imposed by Central Government on Goods and Services

## **SOLUTION**

GST Goods and Service Tax

Exercise 2 | Q 3 | Page 81



### **QUESTION**

**Give one word/term or phrase for the following statement:**

Brief explanation of an entry.

### **SOLUTION**

Narration

Exercise 2 | Q 4 | Page 81

### **QUESTION**

**Give one word/term or phrase for the following statement:**

The process of recording transactions in the Journal.

### **SOLUTION**

Journalising

Exercise 2 | Q 5 | Page 81

### **QUESTION**

**Give one word/term or phrase for the following statement:**

The French word from which the word Journal is derived.

### **SOLUTION**

JOUR

Exercise 2 | Q 6 | Page 81

### **QUESTION**

**Give one word/term or phrase for the following statement:**

Concession given for immediate payment.

### **SOLUTION**

Cash discount

Exercise 2 | Q 7 | Page 81

### **QUESTION**

**Give one word/term or phrase for the following statement:**



Entry in which more than one accounts are to debited or credited.

### **SOLUTION**

Combined/Compound Journal Entry

Exercise 2 | Q 8 | Page 81

### **QUESTION**

**Give one word/term or phrase for the following statement:**

Anything taken by proprietor from business for his private use.

### **SOLUTION**

Drawings

Exercise 2 | Q 9 | Page 81

### **QUESTION**

**Give one word/term or phrase for the following statement:**

Tax payable to the Government on purchase of goods.

### **SOLUTION**

Input CGST and Input SGST or Input Tax

Exercise 2 | Q 10 | Page 81

### **QUESTION**

**Give one word/term or phrase for the following statement:**

Page number of the ledger.

### **SOLUTION**

Ledger Folio

## **[EXERCISE 3 [PAGES 81 - 82]**

[Exercise 3 | Q 1 | Page 81

### **QUESTION**

**Select the most appropriate alternative from the alternatives given below and rewrite the statement.**

\_\_\_\_\_ means explanation of the transactions recorded in the Journal.



- Narration
- Journalising
- posting
- Casting

## SOLUTION

**Narration** means explanation of the transactions recorded in the Journal.

[Exercise 3 | Q 2 | Page 81]

## QUESTION

**Select the most appropriate alternative from the alternatives given below and rewrite the statement.**

\_\_\_\_\_ discount is not recorded in the books of accounts.

- Trade
- Cash
- GST
- VAT

## SOLUTION

**Trade** discount is not recorded in the books of accounts

[Exercise 3 | Q 4 | Page 81]

## QUESTION

**Select the most appropriate alternative from the alternatives given below and rewrite the statement.**

Every Journal entry require \_\_\_\_\_.

- casting
- posting
- narration
- journalising

## SOLUTION

Recording of transaction in Journal is called **journalising**

[Exercise Q3 | Q 5 | Page 81]

### QUESTION

**Select the most appropriate alternative from the alternatives given below and rewrite the statement.**

The \_\_\_\_\_ column of the Journal is not recorded at the time of journalising

- date
- particulars
- ledger folio
- amount

### SOLUTION

The **ledger folio** column of the Journal is not recorded at the time of journalising.

[Exercise 3 | Q 6 | Page 82]

### QUESTION

**Select the most appropriate alternative from the alternatives given below and rewrite the statement.**

Goods sold on credit should be debited to \_\_\_\_\_.

- purchase A/c
- customer A/c
- sales A/c
- cash A/c

### SOLUTION

Goods sold on credit should be debited to **customer A/c**.

[Exercise 3 | Q 7 | Page 82]

### QUESTION

**Select the most appropriate alternative from the alternatives given below and rewrite the statement.**

Wages paid for installation of Machinery should be debited to \_\_\_\_\_



- wages A/c
- machinery A/c
- cash A/c
- Installation A/c

### **SOLUTION**

Wages paid for installation of Machinery should be debited to **machinery A/c**.

[Exercise 3 | Q 8 | Page 82]

### **QUESTION**

**Select the most appropriate alternative from the alternatives given below and rewrite the statement.**

The commission paid to the agent should be debited to \_\_\_\_\_

- drawing A/c
- cash A/c
- commission A/c
- Agent A/c

### **SOLUTION**

The commission paid to the agent should be debited to **commission A/c**

[Exercise 3 | Q 9 | Page 82]

### **QUESTION**

**Select the most appropriate alternative from the alternatives given below and rewrite the statement.**

Loan taken from Dena Bank should be credited to \_\_\_\_\_

- Capital A/c
- Dena Bank A/c
- Cash A/c
- Dena Bank Loan A/c

### **SOLUTION**

Loan taken from Dena Bank should be credited to **Dena Bank Loan A/c**.





### QUESTION

**Select the most appropriate alternative from the alternatives given below and rewrite the statement.**

Purchase of animals for cash should be debited to \_\_\_\_\_

- Live stock A/c
- Goods A/c
- Cash A/c
- Bank A/c

### SOLUTION

Purchase of animals for cash should be debited to **Live stock A/c**.

## [EXERCISE 4 [PAGE 82]]

### QUESTION

**State whether the following statement is True or False with reasons.**

Narration is not required for each and every entry.

- True
- False

### SOLUTION

This statement is False.

Narration is nothing but brief explanation of entry/transaction, based on that one Can pass journal entry. Therefore, narration is required for each and every entry.

### QUESTION

**State whether the following statement is True or False with reasons.**

A journal voucher is must for all transactions recorded in the journal.

- True

- False

## **SOLUTION**

**This statement is True.**

Journal voucher is basic/original voucher on the basis of which the transactions should be journalised in journal book, so we can say that journal voucher is must for all transactions recorded in the journal.

[Exercise 4 | Q 3 | Page 82]

## **QUESTION**

**State whether the following statement is True or False with reasons.**

Cash discount allowed should be debited to discount A/c.

- True
- False

## **SOLUTION**

**This statement is True.**

Cash discount allowed is an expense for the business and every expense should be debited. Therefore cash discount allowed should be debited to Discount A/c.

[Exercise 4 | Q 4 | Page 82]

## **QUESTION**

**State whether the following statement is True or False with reasons.**

Journal is a book of prime entry.

- True
- False

## **SOLUTION**

**This statement is True.**

For every financial transaction, initially, an entry is recorded in the book known as 'Journal'. Therefore, we can say that journal is a book of prime entry.

[Exercise 4 | Q 5 | Page 82]

## **QUESTION**



**State whether the following statement is True or False with reasons.**

Trade discount is recorded in the books of accounts.

- True
- False

### **SOLUTION**

**This statement is False.**

Trade discount is a general discount, allowed on catalog price or on the price list price. For increasing the sale or to give sufficient margin to retailers, generally trade discount is allowed. Therefore, the trade discount is not to be recorded in the books of accounts.

[Exercise 4 | Q 6 | Page 82]

### **QUESTION**

**State whether the following statement is True or False with reasons.**

Goods lost by theft is debited to goods A/c.

- True
- False

### **SOLUTION**

**This statement is False.**

As per Real A/c rule, debit what comes in and credit what goes out. Here, goods lost by theft means goods goes out. Therefore, goods lost by theft is to be credited to Goods A/c.

[Exercise 4 | Q 7 | Page 82]

### **QUESTION**

**State whether the following statement is True or False with reasons.**

If rent is paid to landlord, landlord's A/c should be debited.

- True
- False

### **SOLUTION**

**This statement is False.**

Rent paid is an expense and Rent paid A/c should be debited, not Landlord A/c be debited.



[Exercise 4 | Q 8 | Page 82

### QUESTION

**State whether the following statement is True or False with reasons.**

Book Keeping records monetary and non-monetary transactions

- True
- False

### SOLUTION

**This statement is False.**

In the books of accounts, only financial transactions are to be recorded. Means non-monetary transactions are not be recorded.

[Exercise 4 | Q 9 | Page 82

### QUESTION

**State whether the following statement is True or False with reasons.**

Drawings made by the proprietor increases his capital

- True
- False

### SOLUTION

**This statement is False.**

Drawings means, anything withdrawn by proprietor in the form of cash, goods, assets or services from the business for personal use. And it decreases the capital of proprietor.

[Exercise 4 | Q 10 | Page 82

### QUESTION

**State whether the following statement is True or False with reasons.**

GST paid on purchase of goods Input tax A/c should be debited.

- True
- False

### SOLUTION

**This statement is True.**

When goods are purchased, any tax payable on it is an expense for the business. Therefore, we can say that when GST is paid. Input Tax should be debited.

## **[EXERCISE 5 [PAGE 82]**

[Exercise 5 | Q 1 | Page 82]

### **QUESTION**

**Fill in the blank:**

The first book of original entry is the \_\_\_\_\_

### **SOLUTION**

The first book of original entry is the **Journal**

[Exercise 5 | Q 2 | Page 82]

### **QUESTION**

**Fill in the blank:**

The process of recording transaction into journal is called \_\_\_\_\_

### **SOLUTION**

The process of recording transaction into journal is called **Journalising**.

[Exercise 5 | Q 3 | Page 82]

### **QUESTION**

**Fill in the blank:**

An explanation of the transaction recorded in the journal \_\_\_\_\_

### **SOLUTION**

An explanation of the transaction recorded in the journal **narration**.

[Exercise 5 | Q 4 | Page 82]

### **QUESTION**

**Fill in the blank:**

\_\_\_\_\_ discount is not recorded in the books of accounts.

### **SOLUTION**

**Trade** discount is not recorded in the books of accounts.

[Exercise 5 | Q 5 | Page 82]

### QUESTION

**Fill in the blank:**

\_\_\_\_\_ is concession allowed for bulk purchase of goods or for immediate payment.

### SOLUTION

**Cash discount** is concession allowed for bulk purchase of goods or for immediate payment.

[Exercise 5 | Q 6 | Page 82]

### QUESTION

**Fill in the blank:**

Every Journal Entry requires \_\_\_\_\_.

### SOLUTION

Every Journal Entry requires **voucher**.

[Exercise 5 | Q 7 | Page 82]

### QUESTION

**Fill in the blank:**

\_\_\_\_\_ discount is always recorded in the books of accounts.

### SOLUTION

**Cash** discount is always recorded in the books of accounts.

[Exercise 5 | Q 8 | Page 82]

### QUESTION

**Fill in the blank:**

\_\_\_\_\_ is the document on the basis of which the entry is recorded in journal.

### SOLUTION

**Voucher** is the document on the basis of which the entry is recorded in journal.

[Exercise 5 | Q 9 | Page 82]



## QUESTION

### Fill in the blank:

There are \_\_\_\_\_ parties to a cheque

## SOLUTION

There are **three** parties to a cheque

[Exercise 5 | Q 10 | Page 82]

## QUESTION

### Fill in the blank:

The \_\_\_\_\_ cheque is more safe than other cheques as it cannot be encashed on the counter of the bank.

## SOLUTION

The **crossed** cheque is more safe than other cheques as it cannot be encashed on the counter of the bank.

## EXERCISE 6 [PAGE 83]

Exercise 6 | Q 1 | Page 83

## QUESTION

Prepare specimen of Tax Invoice

## SOLUTION



### Specimen of Tax Invoice

Tax invoice								
Sunil General Stores								
Cash bill No.:			Shop no. 5 Laxmi road, Pune			Date:		
G.S.T. I.N. No. :								
Name : (Customer Name) _____								
Address : _____								
Sr. No.	Particulars	HSN No.	Rate	Qty	Taxable amount	CGST %	SGST %	Total Amount (₹)
Rupees (in words) _____					Bank Details : _____			
_____					Bank Name : _____			
					Branch IFSC Code : _____			
					A/c No. : _____			
E & O.E.					Signature _____			

Exercise 6 | Q 2 | Page 83

### QUESTION

Prepare specimen of Receipt

### SOLUTION



**RECEIPT**  
**Balaji and Sons**  
Somwar Peth, NASIK

Receipt no-----  
Date-----

G.S.T.I.N. No. :-----

Received with thanks from M/s-----

a sum of ₹-----by cash/cheque/D.D./NEFT/R.T.G.S.

No.-----Dated-----Drawn on-----

in part/full payment of bill No.-----

₹

STAMP

Subject to realisation of cheque ReceiversSignature

Exercise 6 | Q 3 | Page 83

### QUESTION

Prepare specimen of Crossed cheque

### SOLUTION

#### Specimen of a Crossed Cheque

DD MM YY

Pay \_\_\_\_\_ OR BEARER

RUPESS \_\_\_\_\_

A/C NO.																			
---------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

₹

State Bank of India,  
M.G. Road, Mumbai.  
IFSC No. SBIN1234001.

Signature

“ 123456 ” 4110150351: 00796411

Exercise 6 | Q 4 | Page 83



## QUESTION

Prepare specimen of Cash voucher.

## SOLUTION

CASH VOUCHER		
Nakul & Company		
Bandra Road, Mumbai		Date :
Voucher no. :		
G.S.T. I.N. No. :		
Pay to _____		
on account of _____		
Debit account _____		
Total ₹ _____		only
Amount ₹ <input type="text"/>		
Prepared by _____	Passed by _____	Receiver sign _____

## [EXERCISE 7 [PAGE 83]

[Exercise 7 | Q 1 | Page 83]

## QUESTION

**Correct the following statement and rewrite the statement:**

All business transactions are recorded in the Journal.

## SOLUTION

**Only monetary transactions** are recorded in the Journal.

[Exercise 7 | Q 2 | Page 83]

## QUESTION

**Correct the following statement and rewrite the statement:**

Cash discount is not recorded in the books of accounts

## SOLUTION

**Cash discount is recorded** in the books of accounts

[Exercise 7 | Q 3 | Page 83]

### QUESTION

**Correct the following statement and rewrite the statement:**

Journal is a book of Secondary entry.

### SOLUTION

Journal is a book of **Prime entry.**

[Exercise 7 | Q 4 | Page 83]

### QUESTION

**Correct the following statement and rewrite the statement:**

GST is imposed by the Government of India from 1st July 2018.

### SOLUTION

GST is imposed by the Government of India from **1st July, 2017.**

[Exercise 7 | Q 5 | Page 83]

### QUESTION

**Correct the following statement and rewrite the statement:**

Machinery purchased by the Proprietor decreases his capital

### SOLUTION

Machinery purchased by the proprietor **increases his Capital.**

