

3. JOURNAL

Q. 1. (A) Answer in one sentence.

1) What is Journal?

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

2) What is Narration?

Ans. Narration is a brief explanation about the transaction.

3) What is GST?

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

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

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

5) What is meant by Simple Entry?

Ans. 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.

6) What is the meaning of Combined Entry?

Ans. 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.

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

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

8) Which discount is not recorded in the books of account?

Ans. Trade discount is not recorded in the books of account.

9) In which order monthly transactions are recorded in a journal?

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

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

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

Q. 2. Give the word/term or phrase for each of the following statements.

Statements	Ans.
(1) A book of prime entry.	Journal
(2) The tax imposed by Central Government on Goods and Services	GST Goods and Service Tax
(3) Brief explanation of an entry.	Narration
(4) The process of recording transactions in the Journal.	Journalising
(5) The French word from which the word Journal is derived.	JOUR
(6) Concession given for immediate payment.	Cash discount
(7) Entry in which more than one accounts are to be debited or to be credited.	Combined/Compound Journal Entry
(8) Anything taken by the proprietor from business for his private use.	Drawings
(9) Tax payable to the Government on purchase of goods.	Input CGST and Input SGST or Input Tax
(10) Page number of the ledger.	Ledger Folio

Q.3. Select the most appropriate alternative from the alternatives given below and rewrite the statement.

- 1) **Narration** means explanation of the transactions recorded in the journal.
- 2) **Trade** discount is not recorded in the books of accounts.
- 3) Recording of transaction in journal is called **Journalising**.
- 4) Every journal entry require **posting**.
- 5) The **ledger folio** column of journal is not recorded at the time of Journalising.
- 6) Goods sold on credit should be debited to **Customer A/c**.
- 7) Wages paid for installation of machinery should be debited to **Machinery A/c**.

8) The commission paid to the agent should be debited to Commission A/c.

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

10) Purchase of animals for cash should be debited to Live stock A/C.

Q.4. State the following statements are True or False with reason.

1) Narration is not required for each and every entry.

Ans. 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.

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

Ans. 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.

3) Cash discount allowed should be debited to Discount A/c.

Ans. 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.

4) Journal is a book of prime entry.

Ans. This statement is True.

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

5) Trade discount is recorded in the books of accounts.

Ans. This statement is False.

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

6) Goods lost by theft is debited to Goods A/c.

Ans. 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.

7) If rent is paid to landlord, Landlord's He should be debited.

Ans. This statement is False.

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

8) Book-keeping records monetary and non-monetary transactions.

Ans. This statement is False.

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

9) Drawings made by the proprietor increases his capital.

Ans. 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.

10) When GST is paid on purchase of goods, Input Tax No should be debited.

Ans. 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 No should be debited.

Q. 5. Fill in the blanks.

(1) The first book of original entry is the **journal**.

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

(3) An explanation of the transaction recorded in the journal is known as **narration**.

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

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

(6) Every journal entry requires **voucher**.

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

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

(9) There are **three** parties to a cheque.

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

Q.6. Prepare specimen.

1) Prepare specimen of Tax invoice.

Ans: Will be available soon