19BACT602 – Accounting For Managers

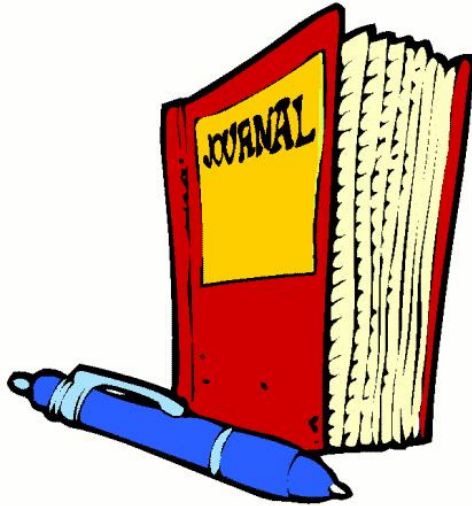**Unit I – Introduction to Financial Accounting**

Presented by

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Design Thinker

1st Indian Institution to Implement

Design Thinking Curriculum

Redesigning Common Mind and Business Towards Excellence

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Journal Entry

Journal Entry Format			
Date	Account Name	Debit	Credit
January 1			
	Debited Account	xxxx	
	-Credited Account		xxxx
	Description of the Journal Entry		

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JOURNAL ENTRIES

Journal Entries are the first step in accounting cycle. It is used to record all the business transactions.

Process | Identifying transactions → Analysing transactions → Making Journal Entries

RULES OF DEBIT AND CREDITS

Debit Entry : Increase Asset / Prepaid Acc. and Decreases Liabilities & Equity

Credit Entry : Increases Liabilities/Equity and decreases assets / Prepaid

Debit all Expenses and Losses and Credit all income and gains

:: RULES OF JOURNAL ENTRIES ::
A Journal Entry must affect at least two accounts. One to be debited and another to be credited and also total of debit should be equal to total credits

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Journal Entry

Date	Particulars	L.F	Debit Amount	Credit Amount
Year Month Date	Name of the account to be Debited		XXX	
	Name of the account to be Credited			XXX
	[Narration]			

1. Purchased Goods for Cash Rs 10,000

Purchased Goods for Cash
Real A/C   **Real A/c**

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2. Purchased Goods from Raja for Rs 40,000

Purchased Goods from Raja

Real A/C   **Personal A/c**

Journal Entry

3. Withdraw Cash from Bank Rs 30,000

Withdraw Cash from Bank
Real A/C   Personal A/c

4. Sold Goods for Cash Rs 12,000

Sold Goods for Cash
Real A/C   Real A/c

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5. Deposit Cash into Bank Rs 12,000

Deposit Cash into Bank
Real A/C   Personal A/c

1. **Purchased Goods for Cash Rs 18,000**
2. **Deposit Cash into Bank Rs 15,000**
3. **Sold Goods for Cash Rs 20,000**
4. **Withdraw Cash from Bank Rs 30,000**
5. **Purchased Goods from Raja for Rs 20,000**
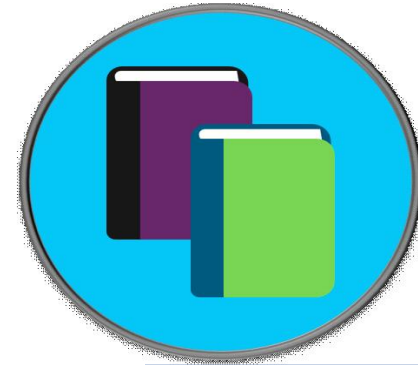
3 Golden Rule of Accounting

Identifying of Accounts

Reference

- https://www.freshbooks.com/hub/accounting/journal-entry

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