# STANDARD FORMAT OF :-

## Journal Entry

The basic format of a Journal Entry in accounting is shown below:

### Journal

| Date | Particulars of Business Transaction | Ledger Folio | Debit | Credit |
|------|-------------------------------------|--------------|-------|--------|
| xxxx | **Debit A/C** | | xxxx | |
| | **Credit A/C** | | | xxxx |
| | **(Brief Narration of the Transaction)** | | | |

A journal contains five columns; Date, Particulars, L.F., Debit and Credit.

**Date column:** In this column the date of the transaction is recorded.

**Particulars column:** The accounts involved in the transaction are recorded in this column.The account debited is recorded first with the word 'Dr.' entered towards the end of the row and the account credited is entered in the next line after leaving a little space on the left and preceded by the word 'To'.

**Ledger Folio column (L.F.):** The page number of ledger in which the accounts debited and credited are maintained is recorded here.

**Debit column:** The amount to be debited is recorded in this column.

**Credit column:** The amount to be credited is recorded in this column.

**Narration:** A short description of each transaction is written under each entry which is called narration.

# Ledger

A ledger is a book or collection of accounts in which account transactions are recorded. Each account has an opening or carry-forward balance, and would record each transaction as either a debit or credit in separate columns, and the ending or closing balance.

**The template of a ledger is as follows:**

*Dr.*                                                                                                    *Cr.*

| Date | Particulars | J. F | Amount | Date | Particulars | J. F | Amount |
|------|-------------|------|--------|------|-------------|------|--------|
|      |             |      |        |      |             |      |        |

The book of accounts has two sides:

**Debit Side: The** debit side of an account represents all the debit increases.

**Credit Side:** This side shows all the credit increases of the account.

Different ledger columns are as follows:

**Date:** The date of executing a particular transaction.

**Particulars:** The **contra account** of the concerned account in the double-entry system.

**J.F:** It comprises the serial number of the journal entry. The number is mentioned in ledgers—journal folio.

**Amount:** It is the amount debited or credited to the particular account during the transaction.

# Trial Balance

The trial balance helps to keep a record all the credit and debit transactions properly in the ledger and to check if the accounts have been balanced correctly. If both the balance is correct, then it is assumed that the record of the trial balance is correct.

| Account Title | L. F | Debit Balance (₹) | Credit Balance (₹) |
|---|---|---|---|
| Capital | | | |
| Buildings and Land | | – | |
| Machinery and Plant | | – | |
| Fixtures and Furniture | | – | |
| Cash in Hand | | – | |
| Cash at Bank | | – | |
| Debtors | | – | – |
| Receivable Bills | | – | – |
| Purchases | | – | – |
| Carriage Inwards | | – | – |
| Carriage Outwards | | – | – |
| Sales | | – | – |
| Sales Return | | – | – |
| Purchases Return | | – | – |
| Interest Paid | | – | – |
| Commission / Discount Received | | – | |
| Salaries | | – | |
| Long Term Loan | | – | |
| Bills Payable | | – | |
| Creditors | | – | |
| Drawings | | | |
| Total | | —— | —— |

# Trading Account

Trading account is used to determine the gross profit or gross loss of a business which results from trading activities. Trading activities are mostly related to the buying and selling activities involved in a business. Trading account is useful for businesses that are dealing in the trading business.

| Particulars | Amount | | Particulars | Amount | |
|---|---|---|---|---|---|
| | *Rs.* | *Rs.* | | *Rs.* | *Rs.* |
| To opening stock | | XXX | By sales | XXX | |
| To purchases | XXX | | Less: returns | XXX | **XXX** |
| Less: returns | XXX | **XXX** | By Closing stock | | XXX |
| To Direct expenses | | XXX | By Gross loss c/d | | |
| To Gross profit c/d | | | | | |
| **Total** | | **XXX** | **Total** | | **XXX** |

# Profit and Loss Account

In accounting parlance, the Profit and Loss a/c is a Nominal Account. Every Account is prepared using the double effect in '*Debit*' and '*Credit*.' Gross profit taken out from trading account is transferred to credit side of the profit & loss account to meet out the indirect expense.

Dr.                                                                                                    Cr.

| Particulars | Amount (INR) | Particulars | Amount (INR) |
|---|---|---|---|
| To gross loss t/f from Trading A/c | | By gross profit t/f from Trading A/c | |
| To salaries | | By rent received | |
| To rent | | By discount received | |
| To printing and stationery | | By commission received | |
| To postages and telephones | | By interest received | |
| To electricity bill | | By bad debts recovered | |
| To insurance premium | | By gain on sale of fixed assets | |
| To travelling expenses | | | |
| To general expenses | | | |
| To carriage and freight outwards | | | |
| To commission | | | |
| To interest paid | | | |
| To discounts given | | | |
| To bank charges | | | |
| To repairs | | | |
| To depreciation on fixed assets | | | |
| To conveyance expenses | | | |
| To loss on sale of fixed assets | | | |
| To other miscellaneous expenses | | | |
| To Net Profit t/f to Capital A/c (if Cr. > Dr. side) | | To Net loss t/f to Capital A/c (if Cr. < Dr. side) | |
| | xxxx | | xxxx |

# Balance Sheet

A balance sheet is a financial statement that contains details of a company's assets or liabilities at a specific point in time. It is one of the three core financial statements (income statement and cash flow statement being the other two) used for evaluating the performance of a business.

**Name of the Entity**
**Balance Sheet as on 31st March, _____**

| Liabilities | Amount | Assets | Amount |
|---|---|---|---|
| **Current Liabilities**<br>Trade Creditors<br>Bills Payable<br>Outstanding Expenses<br>Advance/Unearned Incomes<br>Short term loans<br>**Non-Current Liabilities**<br>long terms loans<br>Debentures<br>**Capital**<br>Add:Net profit<br>interest on Capital<br>Less: Drawings<br>Net Loss | | **Current Assets**<br>Cash in hand<br>Cash at Bank<br>Inventories<br>Bills payable<br>Sundry Debtors<br>Prepaid Expenses<br>Accrued Incomes<br>**Fixed/Non-Current Assets**<br>Building<br>Land<br>Plant & machine<br>Furniture & fixture<br>Goodwill | |
| | xxxx | | xxxx |