

Meaning: A journal is often referred to as Book of Prime Entry or the book of original entry. In this book transactions are recorded in their chronological order. The process of recording transaction in a journal is called as 'Journalisation'. The entry made in this book is called a 'journal entry'.

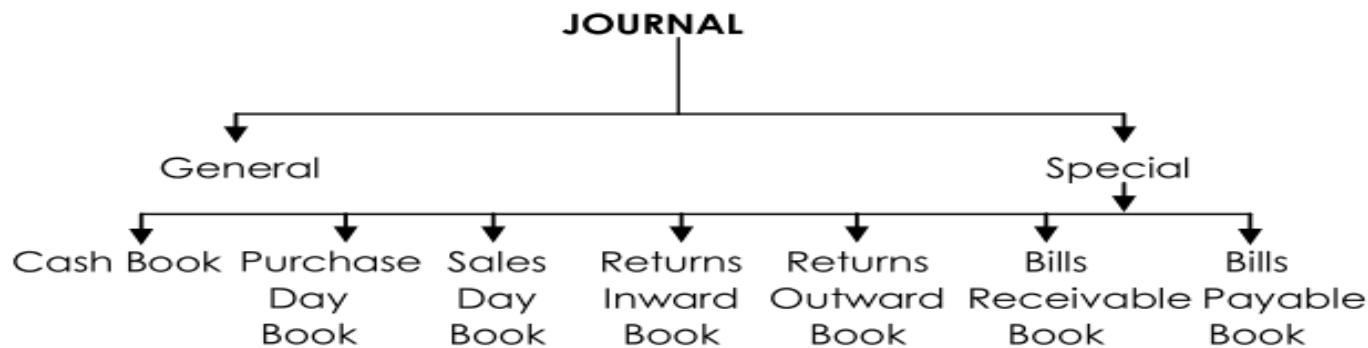
Advantages of Journal

- (i) Chronological Record:
- (ii) Minimizing the possibility of errors:
- (iii) Helps to finalize the accounts

Format

Date	Particulars	Voucher number	Ledger folio	Debit amount (₹)	Credit amount (₹)
dd-mm-yy	Name of A/c to be debited Name of A/c to be credited (narration describing the transaction)	-----	Reference of page number of the A/c in ledger	-----	-----

Sub-division of Journals



S. No.	Transaction	Journal Entry	Rule of Debit or Credit (Modern Rule)	Account Class	Golden Rule or Traditional Rule
1	Commenced Business	Cash A/c Dr. To Capital A/c Cr.	Increase in Assets is Debited Increase in Capital is Credited	Real A/c Personal A/c	Dr.: - What comes in Cr. The Giver
2	Cash Purchase of Goods	Purchase A/c Dr. To Cash A/c Cr.	Increase in Expenses is Debited Decrease in Assets is Credited	Nominal A/c Real A/c	Dr. Exp. & Losses Cr. What goes out
3	Credit Purchase of Goods	Purchase A/c Dr To Suppliers A/c Cr.	Increase in Expenses is Debited Increase in Liability is Credited	Nominal A/c Personal A/c	Dr. Exp. & Losses Cr. The Giver
4	Cash Sales	Debtors A/c Dr. To Sales A/c Cr.	Increase in Assets is Debited Increase in Revenue Cr	Real A/c Nominal A/c	Dr. What comes in Cr. Incomes & gains
5	Credit Sales	Debtors A/c Dr. To Sales A/c Cr.	Increase in Assets is Debited Increase in Revenue c	Personal A/c Nominal A/c	Dr. The Receiver Cr. Incomes & gains
6	Purchase Return	Suppliers A/c Dr. To Purchase Return.	Decrease in Liability is Debited Decrease in Expenses Credited	Personal A/c Nominal A/c	Dr. The Receiver Cr. Incomes & gains
7	Sales Return	Sales Return A/c Dr. To Debtors A/c Cr.	Decrease in Revenue Debited Decrease in Assets is Credited	Nominal A/c Personal A/c	Dr. Exp. & Losses Cr. The Giver
8	Purchase of Assets	Assets A/c Dr. To Cash A/c Cr.	Increase in Assets is Debited Decrease in Assets is Credited	Real A/c Real A/c	Dr. What comes in Cr. What goes out
9	Sale of Assets	Cash A/c Dr. To Assets A/c Cr.	Increase in Assets is Debited Decrease in Assets is Credited	Real A/c Real A/c	Dr. What comes in Cr. What goes out

S. No.	Transaction	Journal Entry	Rule of Debit or Credit (Modern Rule)	Account Class	Golden Rule or Traditional Rule
10	Payment of Expenses	Expenses A/c Dr. To Cash A/c Cr.	Increase in Expenses is Debited Decrease in Assets is Credited	Nominal A/c Real A/c	Dr. Exp. & Losses Cr. What goes out
11	Receipt of Income	Cash A/c Dr. To Income A/c Cr.	Increase in Assets is Debited Increase in Revenue Credited	Real A/c Nominal A/c	Dr. What comes in Cr. Incomes & gains
12	Collection from Debtors (Discount allowed)	Discount A/c Dr. To Debtors A/c Cr.	Increase in Expenses is Debited Decrease in Assets is Credited	Nominal A/c Personal A/c	Dr. Exp. & Losses Cr. The Giver
13	Payment to Creditors (Discount received)	Suppliers A/c Dr. To Cash A/c Cr. To Discount A/c Cr.	Decrease in Liability is Debited Decrease in Assets is Credited Increase in Revenue or Credited	Personal A/c Real A/c Nominal A/c	Dr. The Receiver Cr. What goes out Cr. Incomes & gains
14	Depreciation on Assets	Depreciation A/c Dr. To Assets A/c Cr.	Increase in Expenses is Debited Decrease in assets is Credited	Nominal A/c Real A/c	Dr. Exp. & Losses Cr. What goes out
15	Interest on Capital	Interest on Capital A/c Dr. To Capital A/c Cr.	Increase in Expenses is Debited Increase in Capital is Credited	Nominal A/c Personal A/c	Dr. Exp. & Losses Cr. The Giver (Capital Provider)
16	Outstanding Expenses	Expenses A/c Dr. To Outstanding Expenses A/c Cr.	Increase in Expenses is Debited Increase in Liability is Credited	Nominal A/c Personal A/c	Dr. Exp. & Losses Cr. The Giver (service or goods)

S. No.	Transaction	Journal Entry	Rule of Debit or Credit (Modern Rule)	Account Class	Golden Rule or Traditional Rule
17	Prepaid Expenses	Prepaid Expenses A/c Dr. To Expenses A/c Cr.	Increase in Asset is Debited Decrease in Expenses is Credited	Personal A/c Nominal A/c	Dr. The Receiver (Cash) Cr. Incomes & gains
18	Withdrawal of Cash for Personal Use	Drawing A/c Dr. To Cash A/c Cr.	Decrease in Capital is Debited Decrease in Assets is Credited	Personal A/c Real A/c	Dr. The receiver Cr. What goes out
19	Withdrawal of Goods for Personal Use	Drawing A/c Dr. To Purchases A/c Cr.	Decrease in Capital is Debited Decrease in Expenses or Assets is Credited	Personal A/c Nominal A/c	Dr. The Receiver Cr. Incomes & gains (reduction in exp. is income)
20	Goods given as Charity	Charity A/c Dr. To Purchases A/c Cr.	Increase in Expenses is Debited Decrease in Expenses or Assets is Credited	Nominal A/c Nominal A/c Real A/c	Dr. Exp. & Losses Cr. Incomes & gains (reduction in exp. is income) Cr. What goes out
21	Insolvency of Debtors	Cash A/c Dr. Bad Debts A/c Dr. To Debtors A/c Cr.	Increase in Assets is Debited Increase in Expenses is Debited Decrease in Assets is Credited	Real A/c Nominal A/c Personal A/c	Dr. What comes in Dr. Exp. & Losses Cr. The Giver
22	Bad Debts Recovered	Cash A/c Dr. To Bad Debts Recovered A/c Cr.	Increase in Assets is Debited Increase in Revenue or Profit is Credited	Real A/c Nominal A/c	Dr. What comes in Cr. Incomes & gains

S. No.	Transaction	Journal Entry	Rule of Debit or Credit (Modern Rule)	Account Class	Golden Rule or Traditional Rule
23	Distribution of Goods as Free Sample	Advertising A/c Dr. To Purchases A/c Cr.	Increase in Expenses is Debited Decrease in Expenses or Decrease in Assets is Credited	Nominal A/c Nominal A/c Real A/c	Dr. Exp. & Losses Cr. Incomes & gains (reduction in exp. is income) Cr. What goes out
24	Loss of Goods by Theft or Fire	Loss by Theft A/c Dr. Or Loss by Fire A/c Dr. To Purchases A/c Cr.	Increase in Expenses is Debited Decrease in Expenses or Decrease in Assets is Credited	Nominal A/c Nominal A/c Real A/c	Dr. Exp. & Losses Cr. Incomes & gains (reduction in exp. is income) Cr. What goes out
25	Loss of Cash by Theft/Fire	Loss By Theft A/c Dr. Or Loss by Fire A/c Dr. To Cash A/c Cr.	Increase in Expenses is Debited Decrease in Expenses or Decrease in Assets is Credited	Nominal A/c Real A/c	Dr. Expenses and Losses Cr. What goes out
26	Income Tax Paid	Capital A/c Dr. To Bank/Cash A/c Cr.	Decrease in Capital is Debited Decrease in Assets is Credited	Personal A/c Real A/c	Dr. The Receiver Cr. What goes out
27	Refund of Income Tax	Cash A/c Dr. To Capital A/c Cr.	Increase in Assets is Debited Increase in Capital is Credited	Real A/c Personal A/c	Dr. What comes in Cr. The Giver (Capital Provider)
28	Interest received on (income tax Surplus)	Cash A/c Dr. To Capital A/c Cr.	Increase in Assets is Debited Increase in Capital is Credited	Real A/c Personal A/c	Dr. What comes in Cr. The Giver (Capital Provider)

S. No.	Transaction	Journal Entry	Rule of Debit or Credit (Modern Rule)	Account Class	Golden Rule or Traditional Rule
29	Bills Drawn	Bills Receivable A/c Dr. To Drawer's A/c Cr.	Increase in Assets (Debtors) is Debited Decrease in Assets (Debtors) is Credited	Real A/c Personal A/c	Dr. What comes in Cr. The Giver
30	Bills Accepted	Drawer's A/c Dr. To Bills Payable A/c Cr.	Increase in Liabilities (Creditors) Debited Decrease in Liabilities (Creditors) is Credited	Personal A/c Personal A/c	Dr. The Receiver Cr. The Giver
31	Payment of the Bill Received	Cash A/c Dr. To Bills Receivable A/c Cr.	Increase in Assets (Cash) is Debited Decrease in Assets (B/R) is Credited	Real A/c Real A/c	Dr. What comes in Cr. What goes out
32	Payment of the Bill made	To Cash A/c Dr. Bills Payable A/c Cr.	Decrease in Liabilities (B/P) is Debited Decrease in Assets (Cash) is Credited	Personal A/c Real A/c	Dr. The Receiver Cr. What goes out
33	Bills Receivable dishonoured	Drawee's A/c Dr. To Bills Receivable A/c Cr. Or Bank A/c Cr. Or Endorsee's A/c Cr.	Increase in Assets is Debited Decrease in Assets is Credited Decrease in Assets is Credited Increase in Liabilities is Credited	Real A/c Real A/c Real A/c Personal A/c	Dr. What comes in Cr. What goes out Cr. What goes out Cr. The Giver
34	Bills Payable dishonoured	Bills Payable A/c Dr. To Drawer's A/c Cr.	Decrease In Liabilities is Debited Increase in Liabilities is Credited	Personal A/c Personal A/c	Dr. The Receiver Cr. The Giver
35	Sale of Asset for more than the Book Value	Cash A/c Dr. To Assets A/c To Profit on Sale of Assets A/c	Increase in Assets is Debited Decrease in Assets is Credited Increase in Revenue or Profit is Credited	Real A/c Real A/c Nominal A/c	Dr. What comes in Cr. What goes out Cr. Incomes & Gains

S.No.	Transaction	Debit Entry (Dr.)	Credit Entry (Cr.)	Type of Account	Explanation
36	Sale of Asset for less than the Book Value	Cash A/c Dr. Loss on Sale of Machinery A/c To Assets A/c	Increase in Assets is Debited Increase in Expenses is Debited Decrease in Assets is Credited	Real A/c Nominal A/c Real A/c	Dr. What comes in Dr. Exp. & Losses Cr. What goes out
37	Amount deposited into Bank/Opened Account	Bank A/c Dr. To Cash A/c	Increase in Assets is Debited Decrease in Assets is Credited	Personal A/c Real A/c	Dr. The Receiver Cr. What goes out
38	Amount withdrawn from Bank	Cash A/c Dr. To Bank A/c	Increase in Assets is Debited Decrease in Assets is Credited	Real A/c Personal A/c	Dr. What comes in Cr. The Giver
39	Cheque received and retained	Cash A/c Dr. To Debtor's A/c	Increase in Assets is Debited Decrease in Assets is Credited	Real A/c Personal A/c	Dr. What comes in Cr. The Giver
40	Cheque received previously deposited into bank	Bank A/c Dr. To Cash A/c	Increase in Assets is Debited Decrease in Assets is Credited	Personal A/c Real A/c	Dr. The Receiver Cr. What goes out
41	Cheque received previously endorsed and credited	Endorsee A/c Dr. To Cash A/c	Decrease in Liabilities is Debited Decrease in Assets is Credited	Personal A/c Real A/c	Dr. The Receiver Cr. What goes out
42	Cheque received and deposited into bank	Bank A/c Dr. To Debtor's A/c	Increase in Assets is Debited Decrease in Assets is Credited	Personal A/c Real A/c	Dr. The Receiver Cr. The Giver
43	Cheque issued	Creditors A/c Dr. To Bank A/c	Decrease in Liabilities is Debited Decrease in Assets is Credited	Personal A/c Real A/c	Dr. The Receiver Cr. The Giver

S.No.	Transaction	Debit Entry (Dr.)	Credit Entry (Cr.)	Type of Account	Explanation
44	Interest allowed or credited by Bank	Bank A/c Dr. To Interest A/c	Increase in Assets is Debited Increase in Revenue or Profit is Credited	Personal A/c Nominal A/c	Dr. The Receiver Cr. Income & Gains
46	Bank charges or collection charges	Bank Charges A/c Dr. To Bank A/c	Increase in Expenses is Debited Decrease in Assets is Credited	Nominal A/c Personal A/c	Dr. Expenses and Losses Cr. The Giver
47	Dishonour of cheque discounted earlier	Drawee's A/c Dr. To Bank A/c	Increase in Assets is Debited Decrease in Assets is Credited	Personal A/c Personal A/c	Dr. The Receiver Cr. The Giver
48	Sale of Waste or Scrap	Cash A/c Dr. To Miscellaneous Receipt A/c	Increase in Assets is Debited Increase in Revenue or Profit is Credited	Real A/c Nominal A/c	Dr. What comes in Cr. Incomes & Gains
49	Subscribing Newspaper	Miscellaneous exp. A/c Dr. To Cash A/c	Increase in Expenses is Debited Decrease in Assets is Credited	Nominal A/c Real A/c	Dr. Exp. & Losses Cr. What goes out
50	Treatment of G.S.T. (a)	Cash A/c Dr. To Sales A/c To G.S.T. A/c	Increase in Assets is Debited Decrease in Assets or increase in Revenue is Credited Increase in Liability is Credited	Real A/c Nominal A/c Nominal A/c	Dr. What comes in Cr. Incomes & Gains
50	Treatment of G.S.T. (b)	G.S.T. A/c Dr. To Cash A/c	Decrease in Liability is Debited Decrease in Assets is Credited	Nominal A/c Real A/c	Cr. Incomes & Gains
51	G.S.T. Paid on Purchase	Purchase A/c Dr. G.S.T. Paid A/c Dr. To Cash/Bank A/c	Increase in Asset/Expenses is Debited Decrease in Revenue is Debited Decrease in Assets is Credited	Nominal A/c Nominal A/c Real A/c	Dr. Exp. & Losses Cr. What goes out

S.No.	Transaction	Debit Entry (Dr.)	Credit Entry (Cr.)	Type of Account	Explanation
52	G.S.T. Collected on sales	Cash/Bank/Debtors Dr. To Sales A/c To GST Collected A/c	Increase in Assets is Debited Increase in Revenue or Profit is Credited Increase in Revenue is Credited	Real A/c Personal A/c Nominal A/c	Dr. What comes in Cr. Income & Gains
53	Payment of GST collected (Balancing Figure)	GST Collected A/c Dr. To Cash/Bank A/c	Decrease in Revenue Decrease in Assets	Nominal A/c Real A/c	Dr. Exp. & Losses Cr. What goes out
54	Receipt of VPP (Value Payable Post)	Purchase A/c Dr. To Cash A/c	Increase in Expenses or Assets is Debited Decrease in Assets is Credited	Nominal A/c Real A/c	Dr. Exp. & Losses Cr. What goes out

Ledger Posting

As and when the transaction takes place, it is recorded in the journal in the form of journal entry. This entry is posted again in the respective ledger accounts under double entry principle from the journal. This is called ledger posting.

Summary Rules

Dr.	Assets	Cr.
Increase		Decrease
Dr.	Expenses or Loses	Cr.
Increase		Decrease

Dr.	Liabilities & Capital	Cr.
Decrease		Increase
Dr.	Income or Gains	Cr.
Decrease		Increase