



## **A- THE JOURNALIZATION**

## التسجيل في اليومية

Entering the business transaction in the journal is called journalizing.

### **1-The Journal** اليومية

The journal is a book in which the every first record of any business transaction is made. Business Transaction is an exchange between a business and one or more external parties.

Business transactions are first entered in this book and subsequently (وبالتتابع) they are posted (ترحل) to another book known as ledger.

**The Format of Journal is given below**

<b>Date</b>	<b>Particulars</b>	<b>Voucher No</b>	<b>Ledger Folio</b>	<b>Debit (Dr) IQD</b>	<b>Credit (Cr) IQD</b>
Date of the Transaction	Name of the A/c Dr To Name of the A/c (Being.....)			xx	xx

## (A) Interests of Journal      فوائد سجل اليومية

The Journal helps to achieve the following interests:-

- (1) The Journal has a great utility to various interested users, because it provides complete, accurate, date wise permanent records of business transactions with different parties on every day.
- (2) In the Journal, information is noted date wise systematically, which is useful to find out reference of transactions easily and immediately by the concerned party.
- (3) The Journal is written on the basis of waste book and different source documents. Narration is written below the entry which is useful for understanding the nature of business transactions.
- (4) By referring ledger folio, the accountants can find out the reference of a particular Ledger account.
- (5) When business information is recorded systematically in the Journal, ledger can be written easily.
- (6) From the legal point of view also, a Journal becomes necessary. Courts (المحاكم) recognize the Journal as evidence (دليل إثبات) in approving or disapproving claims.
- (7) With the help of the Journal and ledger, cross-checking of the business transactions, can be done. It helps to locate (يحدد) and prevent (يمنع) errors.

## **(B) Steps of Journalisation**

## **خطوات التسجيل في سجل اليومية**

The Process of recording the business transactions in the Journal is known as journalizing. The steps should be followed for Journalizing:-

- (1) First read the transaction carefully. Find out the accounts involved in the transaction.
- (2) Ascertain (حدد) the types of those accounts. Apply (طبق) the rules of debit and credit.
- (3) Write down the date of the transaction in the date column. In particulars column, name of the A/c to be debited is written on the first line. The word **Dr**" is to be written against the name of the account to be debited and the word "**To**" to be written preceding the name of the A/c to be credited.
- (4) Write down the amount in figures in debit column and credit column, write down the brief explanation of the transaction in the brackets in particular column after the entry. Such explanation توضيح (أو شرح) is called narration.
- (5) After the narration a line should be drawn between the two transactions.

### **Exercise (1)**

Analyze the following transactions and record them in the Journal:-

- (1) 1-1-2012 IQD 5000000 received from Ahmed as loan to start business.
- (2) 2-1-2012 Deposited IQD 5000000 in the Bank.

(3) 5-1-2012 Purchased of furniture for IQD 500000 on credit from Mr. Salam Co.

**Solution:**

**• Analysis (1)**

Date	Accounts affected	Nature of Account	Debit or Credit	Rule applicable	Amount IQD
1-1-2012	Cash A/c	Real	Debit	Debit what comes in	500000
	Ahmed's loan A/c	Personal	Credit	Credit The giver	5000000

**• Recording in the Journal**

Date	Particulars	L.F.	Debit IQD	Credit IQD
1-1-2012	Cash A/c Dr. To Ahmed's Loan A/c (Being Cash received from Mr. Ahmed as loan)		5000000	5000000

**• Analysis (2)**

Date	Accounts affected	Nature of Account	Debit or Credit	Rule applicable	Amount IQD
2-1-2012	Bank A/c	Personal	Debit	Debit the Receiver	5000000
	Cash A/c	Real	Credit	Credit what goes out	5000000

**•Recording in the Journal**

Date	Particulars	L.F.	Debit IQD	Credit IQD
2-1-2012	Bank A/c Dr. To Cash A/c (Being Cash deposited in the Bank)		5000000	5000000

**• Analysis (3)**

Date	Accounts affected	Nature of Account	Debit or Credit	Rule applicable	Amount IQD
5-1-2012	Furniture A/c	Real	Debit	Debit what comes in	500000
	Mr. Salam Co.	Personal	Credit	Credit the giver	500000

**•Recording in the Journal**

Date	Particulars	L.F.	Debit IQD	Credit IQD
5-1-2012	Furniture A/c Dr. To Mr. Salam Co. A/c (Being Furniture purchased on credit from Mr. Salam Co.)		500000	500000

## Exercise (2)

Journalize the following transactions in the Journal maintained by Nehad through the month of January 2012 (The amounts in thousands IQD) .

- January 1. Mr. Nehad started business by bringing in cash IQD 50000
- January 2. Bank account opened IQD 10000
- January 5. Loan received from Ahmed by cheque deposited in the bank IQD 60000
- January 9. Goods purchased from Raheem on credit IQD 30000
- January 10. Sold goods to Salam on credit IQD 50000
- January 16. Stationery items purchased in cash IQD 30000
- January 17. Received cheque from Salam on account IQD 50000
- January 28. Paid by cheque to Raheem on account IQD 30000
- January 30. Cash withdrawn from Bank IQD 10000

## Journal Nehad

Date	Particulars	L.F.	Debit IQD	Credit IQD
2012 Jan 1	Cash A/c Dr To Mr. Nehad's Capital A/c (Being business started by Mr. Nehad bringing in cash)		50000	50000
2	Bank A/c Dr To Cash A/c (Being Bank account opened by depositing cash in the Bank)		10000	10000
5	Bank A/c Dr To Ahmed's loan A/c (Being loan received from Ahmed deposited in the Bank)		60000	60000
9	Goods A/c Dr To Raheem's A/c (Being goods purchased from Raheem on credit)		30000	30000
10	Salam's A/c Dr To Goods A/c (Being goods sold to Salam on credit)		50000	50000
16	Stationery A/c Dr To Cash A/c (Being stationery items purchased in cash)		30000	30000
17	Bank A/c Dr To Salam's A/c (Being cheque received from Salma on account)		50000	50000
28	Raheem's A/c Dr To Bank A/c (Being payment made by cheque to Raheem on account)		30000	30000
30	Cash A/c Dr To Bank A/c (Being cash withdrawn from Bank)		10000	10000
	TOTAL		320000	320000



### (C) Kinds of Entries أنواع القيد

Entries recorded in the Journal are classified into two kinds:

#### 1. Simple Entry القيد البسيط

In this type of entry, only two accounts are affected. One account is debited and another account is credited like the entries mentioned previously.

#### 2. Compound Entry القيد المركب

In a compound entry, more than two accounts are affected. In this kind of entry there may be:-

- (1) Several Accounts are to be debited and one account is to be credited.
- (2) One Account is to be debited and several other accounts are to be credited.
- (3) Several Accounts are to be debited and several accounts are to be credited.

#### Exercise (3)

Walled started business with Cash IQD 15000000, Goods worth IQD 3000000 and Machinery worth IQD 2000000.

No	Particulars	Debit IQD	Credit IQD
1	<b>1. He brings cash in business:-</b> Cash A/c Dr To Capital A/c	15000000	15000000
2	<b>2.He brings goods in business:-</b> Goods A/c Dr To Capital A/c	3000000	3000000
3	<b>3. .He brings machinery in business :-</b> Machinery A/c Dr	2000000	

	To Capital A/c		2000000
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In all the previous transactions, the capital account is commonly credited. Hence, instead of making three entries separately, a combined entry may be conveniently passed as follows:-

Particular	Dr.	Cr.
Cash A/c Dr	15000000	
Goods A/c Dr	3000000	
Machinery A/c Dr	2000000	
To Capital A/c		20000000