JOURNALISING :

The process of recording the transaction in the journal is called 'journalising'.

Below each journal entry a brief explanation of the transaction is given within brackets. This is called **'narration'.**

CLASSIFICATIONS OF ACCOUNTS:

To enable journalising the transactions are grouped under three accounts. They are Personal accounts, Real accounts and Nominal accounts.

1. Personal Accounts :

These accounts refer to accounts of persons, institutions, organisations etc.

(e.g) Rajan a/c, Bank a/c, College a/c, Hospital a/c, etc.,

2. Real Accounts :

These accounts refer to accounts of real things which can be seen and touched.

(e.g) Cash a/c, Building a/c, Furniture a/c, Book a/c etc.

3. Nominal Accounts :

These accounts refer to accounts of fictitious things. They do not really exist. We can not see, but only feel it.

(eg) Salary a/c, Rent a/c, Commission a/c, etc.

RULES FOR JOURNALISING :

Any transaction involves two aspects (accounts). We should identify these two accounts and write the journal entry following the fundamental rules.

S.No.	Nature of Account	Rule of Account
1.	Personal a/c	Debit, the receiver Credit, the giver
2.	Real a/c	Debit, what comes in Credit, what goes out
3.	Nominal a/c	Debit, all expenses and losses credit, all incomes and gains

Jan 6	Ananda Traders a/c Dr To Cash a/c (Being cash paid to Ananda Traders)		1,000	1,000
" 7	Salary a/c Dr To Cash a/c (Being salary paid)		300	300
" 8	Rent a/c Dr To Cash a/c (Being Rent Paid)		400	400
" 9	Cash a/c Dr To Commission a/c (Being commission received)		200	
" 10	Cash a/c Dr To Canara Bank a/c (Being cash withdrawn from bank)		1200	1200
	Total		18300	18300

Illustration 2 :

Journalise the following transactions:

2005

Jan 11 Purchased goods for Rs. 1500

" 12 Purchased goods from Jeyam Stores Rs. 900

" 13 Sold goods for Rs. 1100

" 14 Sold goods to Raju Rs. 250

" 15 Bought furniture for cash Rs. 2000

" 16 Bought furniture from JFA Furniture Mart Rs. 800

" 17 Goods returned to Jeyam Stores Rs. 200

" 18 Raju returned goods worth Rs.100

" 19 Drew for private use Rs.500

" 20 Electric charges amounted Rs.120