WORKED GUIDE / 02 / XI · CA Foundation

Journal-entry essentials

Logic before the entry.

The idea

Assets and expenses increase on the debit side; liabilities, capital and income increase on the credit side.

Three familiar entries

Transaction	Debit	Credit
Furniture bought for cash ₹10,000	Furniture A/c ₹10,000	Cash A/c ₹10,000
Rent paid in cash ₹2,000	Rent A/c ₹2,000	Cash A/c ₹2,000
Owner introduces cash ₹50,000	Cash A/c ₹50,000	Capital A/c ₹50,000

Step 1: identify the accounts. Step 2: classify each account. Step 3: decide the increase or decrease. Step 4: record equal debits and credits.

Narration explains what happened. For example: Being furniture purchased for cash.

Think it through

What is the entry when rent of ₹2,000 is paid in cash?

Answer: Rent A/c Dr ₹2,000; To Cash A/c ₹2,000. Rent expense increases and cash decreases.

Use this short learning aid alongside your prescribed textbook, complete class notes and question practice.