

Ledger-Posting

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1. Introduction

From the earlier chapters, we have learnt, how to prepare a Journal or Subsidiary book from financial transactions of business. In this chapter, we shall learn how to prepare ledger accounts from a journal and the subsidiary books and also how to find balance in ledger accounts. At the time of preparing accounts in any organisation (business), to prepare different ledger accounts and also to find balance in each accounts is very important.

2. Meaning of Ledger

Accounting is a process of recording financial transactions of a business. The objective of a trader is to get the useful information relating to business from the recorded entries for e.g. details of total purchase during the year, details of sales, types and amount of expenses, types and amount of income, total assets and receivables, total liabilities and payables, profit earned, loss suffered etc. These types of various informations can be known or obtained from a journal or subsidiary books.

In view of the above information, separate accounts are prepared for the specific information (or summary) from the accounting entries. The different types of accounts are prepared in a separate book, which is known as a **Ledger Book**.

3. What is an Account ?

An account means summary showing debit and credit effects of transactions affected during a specified period, related to either individual, goods, assets, incomes or expenses, prepared in a specific format according to the rules of accounting.

While preparing any account, debit or credit effects of different transactions, related to that account are given. Thus, an account is prepared with two sides viz., debit side and credit side.

4. Specimen of an Account

Now, from the specimen of an account given here, we shall understand the account in detail and also see how to prepare the account.

..... Account

Debit (Dr.)

Credit (Cr.)

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)

According to double entry system, left hand side of each account is known as debit side and right hand side as a credit side. As given in above specimen columns are drawn in an account. Each column is explained here under :

(1) **Date** : The date of the transactions which affects the account, is shown in this column. The same date is shown in journal or subsidiary book.

(2) **Particulars** : When we record on the debit side of an account, the name of the account having corresponding credit effect of the same transaction, is written here in this column. Similarly, while recording on the credit side of an account, the name of the account having corresponding debit effect of the same transaction, is written here in this column.

(3) **J.F. (Journal Folio number)** : In journal and subsidiary book, each page is numbered serially. For the effect of the entry which is to be recorded in ledger account, the page number given to the entry in journal or subsidiary books is mentioned in this column. Similarly this ledger page number is recorded in that journal or subsidiary books, whenever that transaction is recorded. Because of this, reconciliation or checking the effect of business (unit) transaction in books of account becomes easy.

(4) **Amount** : In this column, the amount which is shown in journal or subsidiary books for a transaction, the same amount is to be written at the time of effect of this transaction in an account.

5. Meaning of Posting

From journal or subsidiary books a process of recording as per the rules of accounting, either on debit or credit side of an affected account, is known as posting.

6. Utility or Advantages of Ledger

Purpose of accounting is not only limited to recording of monetary receipts and payments. Based on an account only, a trader can have an idea regarding the financial position, as well as profit-loss of a business. On the basis of the summary of accounts, proper decisions regarding business policy can be taken. Necessary and useful information to a trader as well as different summaries can be easily and quickly obtained from the ledger. Thus, fulfillment of main objects of accounting is possible, with the help of ledger only. Therefore ledger is known as **King of Books**.

From journal a trader gets information regarding original transactions and basic information of a business. Therefore, a journal book is known as **original book or primary book**. While, from the ledger, information regarding financial position and profit-loss of a business can be obtained. From the view point of the utility of a ledger it is known as a **main book or a principal book** of accounts.

Ledger becomes useful to get the following information :

- (1) **Capital Ratio** : It gives the information about how much capital is employed in the business.
- (2) **For Assets** : Different types of assets are purchased in the business. It gives the information about the total amount of different assets at the end of the year.
- (3) **Receivables and Payables** : It gives the information about how much is the amount of receivables and payables at the end of the year in a business.

- (4) **For Expenses and Incomes** : It gives the information of different expenses and incomes during the accounting year and also its total and individual amount.
- (5) **Information for Purchases and Sales** : It gives the information for total purchases, total sales, total purchase returns, total sales return and also outflow of goods other than sales during the accounting year.
- (6) **To Prepare a Trial Balance** : It prepare a trial balance, to get the information about balances of all accounts from the ledger.
- (7) **To Prepare a Final Accounts** : It gives the information of the different accounts of a ledger for the preparation of final accounts of a business (unit) at the end of the year.
- (8) **For Policy Making Decisions** : It helps a trader by giving useful and important information from ledgers for the policy making decisions.
- (9) **To Get the Statistical Information** : It gives the useful statistical information from accounts and also points out statistical or principal mistakes.

7. Index of Ledger

All accounts arising from business transactions are maintained in a ledger. There are numerous such accounts. At the time of posting process too much time is wasted to find out, which account is on which page. Therefore, for the sake of convenience, in the beginning of ledger itself, a list of all accounts is maintained, which is known as an index or exponent of a ledger. Such list is prepared alphabetically. Here, each page is serially numbered and therefore, against each account, its page number is shown and because of this, any account can be found from the ledger quickly and easily. e.g.

Name of Account	Ledger Page Number
Anup's A/c	1
Akash's A/c	3
State Bank of India's A/c	56
Telephone expenses A/c	61

8. Forms of Ledger

The form in which a ledger book is to be maintained, depends upon the trader's requirement, capacity to afford the same and business facilities. Following three forms of ledger are in practice :

- (1) Bound book ledger, (2) Loose leaf ledger, (3) Card ledger

(1) Bound book ledger : Generally most of the traders, specifically small traders, prefer these types of ledger. This type of ledger is overall less expensive and easy from the view point of preservation. This ledger is in the form of a bound book. In the beginning of it, index is given and thereafter each page is serially numbered. As and when required, new page can't be added in this type of ledger because it is a book in bound form.

(2) Loose leaf ledger : This type of ledger is in a filed form in between two thick paper covers or in between two metal sheets. The structure is connected with a special type of lock. As it is with lock system, it ensures the facility with safety. Here each page is serially numbered. Here, a trader can increase or decrease the number of pages according to his requirements.

(3) **Card ledger** : This form of a ledger is a safe form with conveniences. Here, for each account, instead of a page, a card is used. All these cards are arranged with a steel bar. All the cards are preserved in a special steel or wooden cabinet. Of course, overall it is an expensive form. Here, traders can increase or decrease the number of cards as per their requirements. In this form, for index separate cards are required to be arranged.

We have seen three different prevailing forms of ledger. But in this computer age, usage of computers is widely increasing for accounting entries and ledger.

9. Process of Posting

Here, we shall learn, the process of posting in affected accounts which are drawn in the ledger, for all recorded transactions in journal and subsidiary books.

To understand the process of posting easily, we will bifurcate the total process of posting in two parts :

- (A) Posting of journal entries
- (B) Posting from subsidiary books

(A) **Posting of journal entries** : Journal entries are passed in books of account for financial transactions of a business. From the view point of the number of accounts affected, journal entry is classified in two parts : (i) Simple journal entry (ii) Combined journal entry.

(i) **Process for posting of simple entry** : In simple journal entry only two accounts are affected, out of which one gets debit effect and the other one gets credit effect. Let us understand the posting of simple entry with the help of following illustration.

E.g., On 15-4-2015 received ₹ 6500 from Raj towards receivables.

Journal Entry

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
2015 April 15	Cash A/c Dr To Raj A/c [Being the amount received from Raj towards amount due.]		6500	6500

Ledger

Cash Account

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2015 April 15	To Raj A/c		6500				

Raj Account

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
				2015 April 15	By cash A/c		6500

In above entry only two accounts are affected, i.e. (1) cash A/c and (2) Raj A/c. Here cash accounts gets a debit effect and Raj account gets credit effect.

We will understand the process of points of a simple entry in following stages :

(1) **To prepare accounts** : First of all, all the affected accounts in a journal entry have to be drawn in ledger before posting them. In our illustration, cash A/c and Raj A/c are prepared.

(2) **To decide the side of the account** : After preparing the accounts it is to be decided that, in which account and on which side posting is to be made. This matter becomes clear on the basis of journal entry. In journal entry, the account which is debited, posting is done on its debit side and the account which is credited, posting is done on its credit side. In our illustration cash A/c is debited and therefore, in cash account, posting is made on debit side, whereas Raj A/c is credited and therefore, in Raj account posting is made on credit side.

(3) **Date** : The date of the entry for which posting is made by us, the same date is to be shown in the column of date in both the accounts prepared. In our illustration, journal entry of the given transaction passed on 15-4-2015. Hence at the time of posting the same date is to be shown in the date column of both the accounts.

(4) **Name of the account in the column of particulars** : At the time of posting in any account, the account which has corresponding opposite effect (side) is to be shown in the column of particulars. In our illustration, while posting in cash A/c on its debit side, in the column of particular, account having credit effect. i.e. Raj A/c is shown. While posting in Raj A/c on its credit side, in the column of particulars, account having debit effect i.e. Cash A/c is shown.

(5) **Amount** : The amount which is shown in journal entry against the respective account, the same amount is to be shown in that account. As per our illustration, ₹ 6500 is shown against cash A/c and Raj A/c in journal entry. While at the time of posting the same amount i.e. ₹ 6500 is to be shown in amount column of cash A/c and Raj A/c.

On the basis of the above explanation, the two points are understood clearly. In journal entry, the account which is debited, is to be posted on its debit side and the account which is credited, is to be posted on its credit side, along with the date and amount. In the column of particulars, name of an account having corresponding opposite effect is to be shown. Let us understand this point once again by one illustration.

Illustration 1 : In the book of Shri Harnish, write journal entries, for the following transactions and draw necessary accounts in the ledger and post them in ledger :

2015

- | | | |
|------|----|--|
| July | 1 | Goods of ₹ 45,000 are purchased from Foram. |
| | 3 | Brought additional capital of ₹ 60,000 in the business. |
| | 5 | Paid ₹ 5000 to Avadh. |
| | 6 | Goods of ₹ 20,000 are sold at 20 % profit to Sunny at 10 % trade discount. |
| | 8 | Deposited ₹ 11,000 in bank. |
| | 9 | Furniture of ₹ 3200 is purchased from Maruti Furniture Mart. |
| | 11 | Paid ₹ 4500 from business for household expenses. |

Ans. :

Journal Entries in the Books of Shri Harnish

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
2015 July 1	Purchase A/c Dr To Foram A/c [Being the goods purchased of ₹ 45,000.]		45,000	45,000
3	Cash A/c Dr To capital A/c [Being the additional capital of ₹ 60,000 brought in the business.]		60,000	60,000
5	Avadh A/c Dr To cash A/c [Being the cash of ₹ 5000 paid to Avadh.]		5000	5000
6	Sunny A/c Dr To sales A/c [Being the goods of ₹ 20,000 sold after adding 20 % profit, at 10 % trade discount.]		21,600	21,600
8	Bank A/c Dr To cash A/c [Being the cash of ₹ 11,000 deposited in bank.]		11,000	11,000
9	Furniture A/c Dr To Maruti Furniture Mart A/c [Being the furniture of ₹ 3200 purchased from Maruti Furniture Mart.]		3200	3200
11	Drawings A/c Dr To cash A/c [Being the household expenses of ₹ 4500 paid from business.]		4500	4500
	Total		1,50,300	1,50,300

Ledger of Harnish

Purchase Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2015 July 1	Foram A/c		45,000				

Foram Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
				2015 July 1	By purchase A/c		45,000

Cash Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2015 July 3	To capital A/c		60,000	2015 July 5	By Avadh A/c		5000
				8	By bank A/c		11,000
				11	By drawings A/c		4500

Capital Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
				2015 July 3	By cash A/c		60,000

Avadh Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2015 July 5	To cash A/c		5000				

Sunny Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2015 July 6	To sales A/c		21,600				

Sales Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
				2015 July 6	By Sunny A/c		21,600

Bank Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2015 July 8	To cash A/c		11,000				

Furniture Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2015 July 9	To Maruti Fur. Mart A/c		3200				

Maruti Furniture Mart Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
				2015 July 9	By furniture A/c		3200

Drawings Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2015 July 11	To cash A/c		4500				

(ii) **Process for posting of combined (joint) entry** : In combined entry, three or more than three accounts are affected. In this type of journal entry either on debit or credit side, more than one affected accounts are there. Sometimes on both, debit and credit side, there are more than one affected accounts. Because of this, posting process of combined entry requires more care.

- Let us understand the process of posting of the entry in which on credit side two accounts are there, with the help of following illustration.

E.g. On 10-8-2015 goods of ₹ 18,000 are purchased from Vishal and paid ₹ 6000 in cash.

Journal Entry

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
2015 Aug. 10	Purchase A/c Dr To Vishal A/c To cash A/c [Being the goods of ₹ 18,000 purchased from Vishal and paid ₹ 6000 to him.]		18,000	12,000 6000

Posting in Ledger

Purchase Account

Dr				Cr			
Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2015 Aug. 10	To Vishal A/c		12,000				
Aug. 10	To cash A/c		6,000				

Vishal Account

Dr				Cr			
Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
				2015 Aug. 10	By purchase A/c		12,000

Cash Account

Dr				Cr			
Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
				2015 Aug. 10	By purchase A/c		6000

Let us understand the process of posting of above stated combined entry stagewise as under :

(1) **To prepare accounts** : Here, according to the journal entry, three accounts are affected viz. Purchase A/c., Vishal A/c and Cash A/c.

(2) **To Decide the side of an account** : As stated in the entry, in purchase A/c posting will be made on debit side and as the Vishal A/c and cash A/c, both are credited and so posting will be made in both of them on credit side.

(3) **Date** : In the date column of all the three accounts, 2015 Aug. 10 will be written.

(4) **Name of the account in the column of particular** : While posting in any account, in the column of particular, the name of the account having an opposite effect will be shown. Here, while posting on the debit side of purchase account, there are two accounts having a credit for the same, respectively they are Vishal's A/c and cash A/c. Thus, in purchase account, effect of total purchase of

₹ 18,000 is tallied by ₹ 12,000 by Vishal's account and ₹ 6000 by cash account. While posting on the credit side of Vishal's A/c and cash A/c, account showing opposite effect i.e. purchase account will be written in the column of the particulars.

(5) **Amount** : Care should be taken regarding the amount, while posting from the combined entry. As per the side of posting, whichever amount is shown against the account in journal entry, the same is to be posted in that account. As per example, ₹ 18,000 is shown on the debit side of purchase A/c, ₹ 6000 on the credit side of cash A/c and ₹ 12,000 on the credit side of Vishal's A/c. So the same has to be posted. But in purchase A/c, while posting, in an account affected on opposite side, there are two accounts viz. Vishal's A/c ₹ 12,000 and cash A/c ₹ 6000 and so they have to be shown. By this posting of purchase account of ₹ 18,000 (₹ 12,000 + ₹ 6000) will be completed.

• Let us understand the process of posting where, in an entry there are two accounts on the debit side. E.g. On 12-8-2015, goods sold to Dhyani of ₹ 24,000, against this she has paid ₹ 8000.

Journal Entry

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
2015 Aug. 12	<div style="display: flex; justify-content: space-between;"> <div> Dhyani's A/c Dr Cash A/c Dr To sales A/c [Being goods sold to Dhyani of ₹ 24,000. For that she has paid ₹ 8000.] </div> <div> </div> </div>		16,000 8000	24,000

Ledger

Dhyani's Account

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2015 Aug. 12	To sales A/c		16,000				

Cash Account

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2015 Aug. 12	To sales A/c		8000				

Sales Account

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
				2015 Aug. 12	By Dhyani A/c		16,000
				Aug. 12	By cash A/c		8000

Let us understand the posting of a journal entry by an illustration, where in, there are more than one affected accounts, on its both debit and credit sides.

E.g. A business is started by Hetansh as on 1-4-2016 with cash ₹ 50,000, goods ₹ 55,000, furniture ₹ 12,000, payables (debts) ₹ 8000 and a loan from Jignesh of ₹ 30,000.

Journal Entry

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
2016 April 1	Cash A/c (₹ 50,000 + ₹ 30,000 loan) Dr Stock of goods A/c Dr Furniture A/c Dr To creditors (debts) A/c To Jignesh's loan A/c To capital A/c [Being the business started with cash ₹ 50,000, stock of goods ₹ 55,000, furniture ₹ 12,000, debts ₹ 8000 and loan from Jignesh ₹ 30,000.]		80,000 55,000 12,000	8000 30,000 1,09,000

Ledger

Cash Account

Dr				Cr			
Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2016 April 1	To capital A/c		50,000				
April 1	To Jignesh's loan A/c		30,000				

Stock of Goods Account

Dr				Cr			
Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2016 April 1	To capital A/c		55,000				

Furniture Account

Dr				Cr			
Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2016 April 1	To capital A/c		12,000				

Creditor's Account

Dr				Cr			
Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
				2016 April 1	By capital A/c		8000

Jignesh's Loan Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
				2016 April 1	By cash A/c		30,000

Capital Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2016 April 1	To creditor's A/c		8000	2016 April 1	By cash A/c		50,000
				1	By stock of goods A/c		55,000
				1	By furniture A/c		12,000

Illustration 2 : From the following transactions of Kaveesh, prepare a journal and also draw the necessary account in ledger and complete the posting in his books.

2016

- March 1 Brought cash ₹ 39,000 and personal furniture of ₹ 7500 in the business.
- 2 Paid towards our dues ₹ 8200 to Parth and ₹ 3000 to Munj.
- 5 Received a crossed cheque of ₹ 7000 in full settlement of ₹ 7400 due from Mansi.
- 7 Goods sold of ₹ 6400 to Nitin and of ₹ 3200 to Paresh.
- 9 A laptop of ₹ 25,000 purchased from Piyush Electronic and paid ₹ 5000 cash towards this.

Ans. :

Journal Entries in the Book of Kaveesh

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
2016 March 1	Cash A/c Dr Furniture A/c Dr To capital A/c [Being the cash and furniture brought in the business as per requirement.]		39,000 7500	46,500
2	Parth A/c Dr Munj A/c Dr To cash A/c [Being the cash paid towards our dues.]		8200 3000	11,200

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
5	Bank A/c Dr Discount A/c Dr To Mansi A/c [Being the cheque received against dues from Mansi.]		7000 400	7400
7	Nitin A/c Dr Paresh A/c Dr To sales A/c [Being the goods sold to Nitin and Paresh.]		6400 3200	9600
9	Computer (laptop) A/c Dr To cash A/c To Piyush Electronic A/c [Being the laptop purchased of ₹ 25,000 for which ₹ 5000 is paid in cash.]		25,000	5000 20,000
	Total		99,700	99,700

Ledger of Kaveesh

Cash Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2016 March 1	To capital A/c		39,000	2016 March 2	By Parth A/c		8200
				2	By Munj A/c		3000
				9	By computer A/c		5000

Furniture Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2016 March 1	To capital A/c		7500				

Capital Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
				2016 March 1	By cash A/c		39,000
				1	By furniture A/c		7500

Parth Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2016 March 2	To cash A/c		8200				

Munj Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2016 March 2	To cash A/c		3000				

Bank Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2016 March 5	To Mansi A/c		7000				

Discount Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2016 March 5	To Mansi A/c		400				

Mansi Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
				2016 March 5	By bank A/c		7000
				5	By discount A/c		400

Nitin Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2016 March 7	To sales A/c		6400				

Paresh Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2016 March 7	To sales A/c		3200				

Computer (Laptop) Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2016 March 9	To cash A/c		5000				
9	To Piyush Ele. A/c		20,000				

Piyush Electronics Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
				2016 March 9	By computer A/c		20,000

Sales Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
				2016 March 7	By Nitin A/c		6400
				7	By Paresh A/c		3200

(B) Posting from subsidiary books : In earlier chapter, we have received a detailed understanding regarding various subsidiary books. Now here, we will understand the process of posting from subsidiary books. From different subsidiary books like purchase book, sales book, purchase returns book and sales returns book, we will understand the process of posting with the help of an illustration of a sales books.

Illustration 3 : From the following transactions, prepare the sales books of Shri Anup and post them in ledger :

On 1-5-2016, goods of ₹ 25,000 are sold to Ankura at 10 % trade discount.

On 4-5-2016 goods of ₹ 6600 are sold to Jigar with 25 % profit thereon.

On 6-5-2016 goods of ₹ 7500 are sold to Hiya at cost price.

Sales Book of Shri Anup

Date	Name of Customer's	Outward inv. No.	L.F.	Amount (₹)
2016 May 1	Ankura's Account			22,500
4	Jigar's Account			8250
6	Hiya's Account			7500
	Total credit sales (sales A/c)			38,250

Shri Anup's Ledger

Sales Account

Dr				Cr			
Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
				2016 May 6	By sundry debtor's A/c (Total amount as per sales book)		38,250

Ankura's Account

Dr				Cr			
Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2016 May 1	To sales A/c (As per sales book)		22,500				

Jigar's Account

Dr				Cr			
Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2016 May 4	To sales A/c (As per sales book)		8250				

Hiya's Account

Dr				Cr			
Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2016 May 6	To sales A/c (As per sales book)		7500				

Explanations : (1) First of all in ledger, sales account and the accounts of all the customers which are shown in the sales book, are opened. (2) In the particulars column of the credit side of the sales account, sundry debtors are written. While, in the particulars column of the debit side of each customer's account, sales accounts are written. (3) The date recorded in sales book against each customer, is shown in the account of that customer. (4) In the amount column of each customer's account, the amount which is shown against them in sales book, is written. While in the amount column of a sales account, the total shown in the amount column of sales book, is written.

Illustration 4 : From the following transactions, prepare subsidiary books of Hiteshi Trading Company and post them in appropriate accounts :

2016

- Jan. 1 Goods of ₹ 7000 are purchased from Nisarg at 15 % trade discount.
 2 Goods of ₹ 3500 are purchased from Jay at 10 % trade discount.
 4 Goods of ₹ 10,500 are sold to Kruti at 10 % trade discount.
 5 Goods of ₹ 7000 are sold to Devami at 20 % profit thereon.
 7 Goods of ₹ 900 returned to Nisarg.
 8 Goods of ₹ 600 returned to Pranav.
 10 Goods of ₹ 2000 returned by Devami.
 11 Goods of ₹ 1200 returned by Pavan.

Ans. :

Subsidiary Books of Hiteshi Trading Company

Purchase Book

Date	Name of the Trader	Inward Inv. No.	L. F.	Amount (₹)
2016				
Jan. 1	Nisarg A/c			5950
2	Jay A/c			3150
	Total credit purchase (To purchase A/c)			9100

Sales Book

Date	Name of the Customer	Outward Inv. No.	L. F.	Amount (₹)
2016				
Jan. 4	Kruti A/c			9450
5	Devami A/c			8400
	Total credit sales (To sales A/c)			17,850

Purchase Returns Book

Date	Name of the Trader	Debit Note No.	L. F.	Amount (₹)
2016				
Jan. 7	Nisarg A/c			900
8	Pranav A/c			600
	Total purchase return (To purchase return A/c)			1500

Sales Returns Book

Date	Name of the Customer	Credit Note No.	L. F.	Amount (₹)
2016				
Jan. 10	Devami A/c			2000
11	Pavan A/c			1200
	Total sales return (To sales return A/c)			3200

Ledger in the Book of Hiteshi

Purchase Account

Dr				Cr			
Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2016							
Jan. 11	To Sundry creditor's A/c (As per purchase book)		9100				

Nisarg Account

Dr				Cr			
Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2016				2016			
Jan. 7	To purchase return A/c (As per purchase return book)		900	Jan. 1	By purchase A/c (As per purchase book)		5950

Jay Account

Dr				Cr			
Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
				2016			
				Jan. 2	By purchase A/c (As per purchase book)		3150

Sales Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
				2016 Jan. 11	By Sundry debtor's A/c (As per sales book)		17,850

Kruti Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2016 Jan. 4	To sales A/c (As per sales book)		9450				

Devami Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2016 Jan. 5	To sales A/c (As per sales book)		8400	2016 Jan. 10	By sales return A/c (As per sales returned book)		2000

Purchase Returns Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
				2016 Jan. 11	By Sundry creditor's A/c (As per purchase return book)		1500

Pranav's Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2016 Jan. 8	To purchase return A/c (As per purchase return book)		600				

Sales Returns Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2016 Jan. 11	To Sundry debtor's A/c (As per sales return book)		3200				

Pavan's Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
				2016 Jan. 11	By sales return A/c (As per sales return book)		1200

Posting of Columnar Subsidiary Books : Traders having large scale business, may keep their subsidiary books with different columns as per their requirements. Columnar subsidiary books are of two types. (1) As per different types of goods. (2) As per different expenses added in the cost price of goods or in an invoice. We have studied this in detail in chapter 5.

To understand the posting of this types of subsidiary books, let us see the following illustrations of columnar sales book :

(1) As per different types of goods :

Illustration 5 : From the following transactions of Aamir Garments, prepare a columnar sales book and post them in respective accounts in the ledger.

- (1) Sold 50 cotton pants at ₹ 300 each and 30 Jeans pants at ₹ 400 each to Farhin garments. Outward invoice number 121.
- (2) Sold 40 Jeans pants at ₹ 400 each and 30 Terry Cotton pants at ₹ 250 each to Jhanvi Fashion. Outward invoice number 122.
- (3) Sold 30 cotton pant at ₹ 300 each, 50 Jeans pants at ₹ 400 each and 20 Terry Cotton pants at ₹ 250 each to Pranav readymade. Outward invoice number 123.

Ans. :

Columnar (Goodwise) Sales Book of Aamir Garments

Date	Customer's Name	Outward Invoice No.	L. F.	Amount (₹)			Total Amount (₹)
				Cotton Pant	Jeans Pant	Terry Cotton Pant	
1	Farhin Garments A/c	121		15,000	12,000	—	27,000
2	Jhanvi Fashion A/c	122		—	16,000	7500	23,500
3	Pranav Readymade A/c	123		9000	20,000	5000	34,000
	Total credit sales			24,000	48,000	12,500	84,500

Ledger of Aamir Garments

Dr

Sales Account

Cr

Date	Particulars	J. F.	Amount (₹)			Amt. (₹)	Date	Particulars	J. F.	Amount (₹)			Amt. (₹)
			Cotton Pant	Jeans Pant	Terry Cotton Pant					Cotton Pant	Jeans Pant	Terry Cotton Pant	
							3	By Sundry debtor's A/c (As sales book)		24,000	48,000	12,500	84,500

Farhin Garments Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
1	To sales A/c (As per sales book - cotton pant)		15,000				
1	To sales A/c (As per sales book - Jeans pant)		12,000				

Jhanvi Fashion Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2	To sales A/c (As per sales book - Jeans pant)		16,000				
2	To sales A/c (As per sales book - Terry-cotton pant)		7500				

Pranav Readymade Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
3	To sales A/c (As per sales book - cotton pant)		9000				
3	To sales A/c (As per sales book - Jeans pant)		20,000				
3	To sales A/c (As per sales book - Terry-cotton pant)		5000				

Note : While preparing the sales account from a columnar subsidiary book, goodswise separate columns are prepared; while in individual account posting is made separately for different types of goods.

(2) Expensewise Columnar Sales Book :

Illustration 6 : From the following informations of Chetan, prepare columner sales book and make its posting :

- (1) Goods of ₹ 8000 sold to Prakhar by adding 10 % profit. Invoice no. 301 of dated 8-6-2015 sent to him inclusive of labour charge ₹ 480 and packing expenses of ₹ 220.
- (2) Goods of ₹ 5400 sold to Birju. Invoice sent inclusive of labour charge ₹ 140 and railway freight of ₹ 100. Outward invoice no. 302 dated 9-6-2015.
- (3) Goods of ₹ 12,000 sold with profit 12 %. Invoice sent inclusive of labour ₹ 720, packing expenses ₹ 300 and railway freight ₹ 200. Outward invoice no. 303 dated 10-6-2015.

Ans. :

Columnar Sales Book of Chetan (Expense columner)

Date	Name of Customer	Outward Invoice No.	L. F. No.	Amount (₹)				Total Amount (₹)
				Goods Price	Labour	Packing exps.	Railway freight	
8-6-15	Prakhar A/c	301		8800	480	220	—	9500
9-6-15	Birju A/c	302		5400	140	—	100	5640
10-6-15	Mihir A/c	303		13,440	720	300	200	14,660
	Total Credit Sales			27,640	1340	520	300	29,800

Ledger of Chetan

Sales Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
				10-6-15	By Sundry debtors A/c (As per columnar sales book)		27,640

Labour Charges Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
				10-6-15	By Sundry debtors A/c (As per columnar sales book)		1340

Packing Expenses Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
				10-6-15	By Sundry debtors A/c (As per columnar sales book)		520

Railway Freight Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
				10-6-15	By Sundry debtors A/c (As per columnar sales book)		300

Prakhar's Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
8-6-15	To sales A/c (As per columnar sales book)		8800				
	To labour A/c		480				
	To packing exp. A/c		220				

Birju's Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
9-6-15	To sales A/c (As per columnar sales book)		5400				
	To labour A/c		140				
	To railway freight A/c		100				

Mihir's Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
10-6-15	To sales A/c (As per columnar sales book)		13,440				
	To labour A/c		720				
	To packing exp. A/c		300				
	To railway freight A/c		200				

From the following illustration let us understand how to prepare different subsidiary books and their posting of different business transactions :

Illustration 7 : From the following transactions of Pragna Traders of Bhavnagar, prepare subsidiary books and write journal entries and their posting. GST rate is 18 %. GST is not included for line following transactions. Add applicable amount of GST and prepare subsidiary books, their journal entries and posting thereof.

2019

- April 2 Goods purchased of ₹ 30,000 at 10 % trade discount from Parul Traders. Railway freight of ₹ 1200 and invoice no. 101.
- 3 Goods purchased of ₹ 24,000 from Yogesh traders of Bangalore (Karnataka). Railway freight ₹ 800 and labour charge ₹ 150. Invoice no. 102.
- 4 Goods sold of ₹ 18,000 at 10 % trade discount to Radha Corporation of Gandhinagar. Labour change ₹ 100 and railway freight ₹ 500. Invoice no. 501.
- 6 Goods purchased from Yogesh Traders, sold to Shalimar Traders of Surat by adding 25 % profit on cost price. Credit period allowed is 2 month. Railway freight ₹ 600 and labour charge ₹ 200. Invoice no. 502.

- 8 Radha Corporation has returned goods of ₹ 4000 and their ₹ 150 of railway freight and ₹ 50 of labour charge are adjusted.
- 10 Goods sold of ₹ 30,000 at 10 % trade discount to Raksha Traders of Jaipur (Rajasthan). Labour charge ₹ 150 and railway freight of ₹ 600 are incurred. Invoice no. 503.
- 16 50 % goods returned by Shalimar Traders. ₹ 150 of railway freight and for labour charge of ₹ 50 are adjusted to their account. Credit note no. 12.
- 30 Goods received from Shalimar Traders sent back to Yogesh Traders. ₹ 120 of railway freight and ₹ 30 of labour are adjusted by them. Debit Note no. 32.

Ans. :

In the Books of Pragna Traders

Purchase Book

Date	Name of Supplier	Inward Invoice No.	L. F. No.	Amount (₹)						Total Amount (₹)
				Net amount of goods	Railway Freight	Labour	Intra state supply		Inter state supply	
							Input CGST	Input SGST	IGST	
2-4-19	Parul Traders A/c	101		27,000	1200	—	2538	2538	—	33,276
3-4-19	Yogesh Traders A/c	102		24,000	800	150	—	—	4491	29,441
	Total			51,000	2000	150	2538	2538	4491	62,717

Sales Book

Date	Name of Customer	Outward Invoice No.	L. F. No.	Amount (₹)						Total Amount (₹)
				Net amount of goods	Railway Freight	Labour	Intra state supply		Inter state supply	
							Output CGST	Output SGST	IGST	
4-4-19	Radha Corporation A/c	501		16,200	500	100	1512	1512	—	19,824
6-4-19	Shalimar Traders A/c	502		30,000	600	200	2772	2772	—	36,344
10-4-19	Raksha Traders A/c	503		27,000	600	150	—	—	4995	32,745
	Total			73,200	1700	450	4284	4284	4995	88,913

Purchase Returns Book

Date	Name of Supplier	Debit Note No.	L. F. No.	Amount (₹)						Total Amount (₹)
				Net amount of goods	Railway Freight	Labour	Intra state supply		Inter state supply	
							Input CGST	Input SGST	IGST	
30-4-19	Yogesh Traders A/c	32		12,000	120	30	—	—	2187	14,337
	Total			12,000	120	30	—	—	2187	14,337

Sales Returns Book

Date	Name of Customer	Credit Note No.	L. F. No.	Amount (₹)						Total Amount (₹)
				Net amount of goods	Railway Freight	Labour	Intra state supply		Inter state supply	
							Output CGST	Output SGST	IGST	
8-4-19	Radha Corporation A/c	11		4000	150	50	378	378	—	4956
16-4-19	Shalimar Traders A/c	12		15,000	150	50	1368	1368	—	17,936
	Total			19,000	300	100	1746	1746	—	22,892

Journal Entries in the Books of Pragna Traders

Date	Particular	LF No.	Debit (₹)	Credit (₹)
2019 April, 2	Purchase A/c Dr Railway freight A/c Dr Input CGST A/c Dr Input SGST A/c Dr To Parul Traders A/c [Being goods purchased at 10 % trade discount from Parul Traders of Ahmedabad. Railway freight was of ₹ 1200 and GST recorded at 18 %.]		27,000 1200 2538 2538	33,276
3	Purchase A/c Dr Railway freight A/c Dr Labour charges A/c Dr Input IGST A/c Dr To Yogesh Traders A/c [Being goods purchased from Yogesh traders of Banglur railway freight was of ₹ 800 and labour ₹ 150 while GST recorded at 18 %.]		24,000 800 150 4491	29,441
4	Radha Corporation A/c Dr To sales A/c To railway freight A/c To labour charges A/c To output CGST A/c To output SGST A/c [Being goods of ₹ 18,000 at 10 % trade discount sold to Radha corporation of Gandhinagar and railway freight ₹ 500, labour charge ₹ 100 and GST at 18 % are recorded.]		19,824	16,200 500 100 1512 1512

Date	Particular	LF No.	Debit (₹)	Credit (₹)
6	Shalimar Traders A/c Dr To sales A/c To railway freight A/c To labour charges A/c To output CGST A/c To output SGST A/c [Being goods of ₹ 24,000 sold to Shalimar Traders by adding 25 % profit on cost. Railway freight ₹ 600, labour charges ₹ 200 and GST at 18 % are recorded.]		36,344	30,000 600 200 2772 2772
8	Sales return A/c Dr Railway freight A/c Dr Labour charge A/c Dr Output CGST A/c Dr Output SGST A/c Dr To Radha Corporation A/c [Being goods of ₹ 4000 is returned by Radha Corporation. Railway freight ₹ 150, labour charge ₹ 50 and GST at 18 % are adjusted.]		4000 150 50 378 378	4956
10	Raksha Traders A/c Dr To railway freight A/c To labour charge A/c To sales A/c To output IGST A/c [Being goods of ₹ 30,000 at 10 % trade discount sold to Raksha Traders of Jaipur. Railway freight ₹ 600, labour charge ₹ 150 and GST at 18 % are recorded.]		32,745	600 150 27,000 4995
16	Sales return A/c Dr Railway freight A/c Dr Labour charge A/c Dr Output CGST A/c Dr Output SGST A/c Dr To Shalimar Traders A/c [Being 50 % goods returned by Shalimar Traders. Railway freight ₹ 150, labour charge ₹ 50 and GST at 18 % are adjusted.]		15,000 150 50 1368 1368	17,936

Date	Particular	LF No.	Debit (₹)	Credit (₹)
30	Yogesh Traders A/c Dr To railway freight A/c To labour charge A/c To purchase return A/c To input IGST A/c [Being goods returned by Shalimar Traders is returned back to Yogesh Traders ₹ 12,000 after deducting added profit. Railway freight ₹ 120, labour charge ₹ 30 and GST at 18 % are adjusted.]		14,337	120 30 12,000 2187

Ledger book of Pragna Traders

Purchase Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
30-4-19	To Sundry creditors A/c (As per columnar purchase book)		51,000				

Sales Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
				30-4-19	By Sundry debtors A/c (As per columnar sales book)		73,200

Purchase Returns Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
				30-4-19	By Sundry creditors A/c (As per columnar purchase return book)		12,000

Sales Returns Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
30-4-19	To sundry debtor's A/c (As per columnar sales return book)		19,000				

Parul Traders Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
				2-4-19	By purchase A/c (As per purchase book)		27,000
				2-4-19	By railway freight A/c		1200
				2-4-19	By input CGST A/c		2538
				2-4-19	By input SGST A/c		2538

Yogesh Traders Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
30-4-16	To purchase return A/c (As per purchase return book)		12,000	3-4-16	By purchase A/c (As per purchase book)		24,000
30-4-16	To railway freight A/c		120	3-4-16	By railway freight A/c		800
30-4-16	To labour charge A/c		30	3-4-16	By labour charge A/c		150
30-4-16	To input IGST A/c		2187	3-4-16	By Input IGST A/c		4491

Radha Corporation Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
4-4-16	To sales A/c (As per sales book)		16,200	6-4-16	By sales return A/c (As per sales returns book)		4000
4-4-16	To railway freight A/c		500				
4-4-16	To labour charge A/c		100	8-4-16	By railway freight A/c		150
				8-4-16	To labour charge A/c		50
4-4-16	To output CGST A/c		1512	8-4-16	By output CGST A/c		378
4-4-16	To output SGST A/c		1512	8-4-16	By output SGST A/c		378

Shalimar Traders Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
6-4-19	To sales A/c (As per sales book)		30,000	16-4-19	By sales return A/c (As per sales returns book)		15,000
6-4-19	To railway freight A/c		600	16-4-19	By railway freight A/c		150
6-4-19	To labour charge A/c		200	16-4-19	By labour charge A/c		50
6-4-19	To output CGST A/c		2772	16-4-19	By output CGST A/c		1368
6-4-19	To output SGST A/c		2772	16-4-19	By output SGST A/c		1368

Raksha Traders Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
10-4-19	To sales A/c (As per sales book)		27,000				
10-4-19	To railway freight A/c		600				
10-4-19	To railway freight A/c		150				
10-4-19	To output IGST A/c		4995				

Input CGST A/c

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
30-4-19	To Sundry creditors A/c (As per purchase book)		2538				

Input SGST A/c

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
30-4-19	To Sundry creditor's A/c (As per purchase book)		2538				

Input IGST A/c

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
30-4-19	To Sundry creditors A/c (As per purchase book)		4491	30-4-19	By sundry creditors A/c (As per purchase returns book)		2187

Output CGST A/c

Dr				Cr			
Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
30-4-19	To Sundry debtor's A/c (As per sales returns book)		1746	30-4-19	By Sundry debtors A/c (As per sales book)		4284

Output SGST A/c

Dr				Cr			
Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
30-4-19	To Sundry debtors A/c (As per sales return book)		1746	30-4-19	By Sundry creditors A/c (As per sales book)		4284

Output IGST A/c

Dr				Cr			
Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
				30-4-19	By Sundry debtors A/c (As per sales book)		4995

Railway freight A/c (For purchase)

Dr				Cr			
Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
30-4-19	To Sundry debtor's A/c (As per sales returns book)		2000	30-4-19	By Sundry debtors A/c (As per sales book)		120

Railway freight A/c (For sales)

Dr				Cr			
Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
30-4-19	To Sundry creditors A/c (As per purchase book)		300	30-4-19	Sundry debtors A/c (As per sales book)		1700

Labour charge A/c (For purchase)

Dr				Cr			
Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
30-4-19	To Sundry debtors A/c (As per purchase book)		150	30-4-19	By Sundry debtors A/c (As per purchase return book)		30

Labour charge A/c (For sales)

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
30-4-19	To Sundry debtors A/c (As per sales return book)		100	30-4-19	By Sundry debtors A/c (As per sales book)		450

Note : Two separate accounts are prepared for GST, railway freight and labour charge. Expenses shown in purchase book are expenses of business, thus that respective expense account is debited. On the other hand expenses in purchase return are credited because to that extent respective expense would reduce. Expenses shown in sales book are not expense of business, but these expenses become liability for business, hence these expense account are credited. Thus amount is credited to respective expense account. e.g. railway freight (of sales). This such expenses are to be collected from customer and are to be paid to the respective claimer. e.g. GST to government railway freight to railway, labour charges to respective person. On the other hand expenses in sales return are debited because to that extent respective expense would reduce.

Posting from Cash Book : Cash book is one of the important types of subsidiary books. As per the requirement, a trader keeps simple a cash book or a two columnar cash book or a three columnar cash book or petty cash book. We will understand the process of posting, with the illustration of three columnar cash book.

Illustration 8 : From the following transactions prepare a three columnar weekly cash book in the books of Shethana Stationary Mart and post them in ledger.

2016

- March 1 Opening cash balance ₹ 18,600, bank balance ₹ 62,000
 2 Paid salary ₹ 6000. Paid electricity bill ₹ 1200.
 4 Withdrawn ₹ 10,000 from bank for shop expenses.
 5 Given a cheque of ₹ 8000 to Shah Brothers in full settlement of the debt of ₹ 8200.
 6 Received a commission of ₹ 2500 in cash from Camlin Company.
 7 Received a cheque of ₹ 2550 from Desouza in full settlement of our receivables of ₹ 2500. Cheque so received is deposited in a bank.
 7 Withdrawn ₹ 5000 from business for household expenses.

Ans. : Three Columnar Cash Book of Shethana Stationery Mart

Dr

Cr

Date	Receipts	R. No.	L. F.	Dis-count (₹)	Cash (₹)	Bank (₹)	Date	Payments	V. No.	L. F.	Dis-count (₹)	Cash (₹)	Bank (₹)
2016							2016						
March 1	To Balance b/f			—	18,600	62,000	March 2	By salary A/c			—	6000	—
							2	By ele. bill A/c			—	1200	—
4	To bank A/c		C	—	10,000	—	4	By cash A/c		C	—	—	10,000
6	To commi. A/c			—	2500	—	5	By Shah bro.			200	—	8000
7	To Desouza A/c			50	—	2500	7	By drawings A/c			—	5000	—
							7	By bal. c/f			—	18,900	46,500
				50	31,100	64,500					200	31,100	64,500

Ledger of Shethana Stationery

Salary Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2-3-16	To cash A/c		6000				

Electricity Expenses Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2-3-16	To cash A/c		1200				

Shah Brother's Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
5-3-16	To bank A/c		8000	1-3-16	By balance b/f		8200
5-3-16	To discount A/c		200				
			8200				8200

Commission Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
				6-3-16	By cash A/c		2500

Desouza's Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
1-3-16	To balance b/f		2550	7-3-16	By bank A/c		2500
				7-3-16	By discount A/c		50
			2550				2550

Drawings Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
7-3-16	To cash A/c		5000				

Discount Allowed Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
7-3-16	Total discount allowed (As per cash book)		50				

Discount Received Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
				7-3-16	Total discount received (As per cash book)		200

Note : (1) While maintaining a three columnar cash book, separate cash account and bank account are not prepared in the ledger. Here, cash column itself serves the purpose of cash account and bank account. (2) On the basis of transactions two separate accounts for discount are to be prepared viz. Discount allowed and discount received. In the account of discount allowed, total amount of discount column on receipt side (debit side) of a cash book is to be shown, whereas in discount received account, the total amount of discount column on payment side (credit side) is to be shown.

Opening necessary accounts in ledger for posting of simple cash book and that of a double columnar cash book is made as that of a triple columnar cash book.

Petty Cash Book and it's Posting Process : Big traders (in some business) keep petty cash book for the payment of small and miscellaneous expenses. Let us take an illustration to understand the process of posting of petty cash book.

Illustration 9 : From the following transactions, prepare weekly petty cash book of Pavan Brothers and show its posting in ledger :

2016

- June 1 Petty cashier Tina has a balance of ₹ 3000.
- 1 Chief accountant has given ₹ 2000 to Tina.
 - 2 Paid wages of ₹ 600. Paid stationery of ₹ 450.
 - 3 Paid carriage ₹ 400.
 - 4 Purchased postal stamps of ₹ 250.
 - 5 ₹ 1200 is given to office employee Shri Kiritbhai.

Ans.

Petty Cash Book of Pavan Brothers

Receipts (₹)	Date	Particulars	Vou. No.	Total Exp. (₹)	Classification of Expenses				L. F.	Individual A/c (₹)
					Wages (₹)	Stationery (₹)	Carriage (₹)	Postage Exp. (₹)		
3000	2016	To balance b/f								
2000	June 1	To received from chief accountant								
	2	By wages A/c		600	600	—	—	—		—
	2	By stationery A/c		450	—	450	—	—		—
	3	By carriage A/c		400	—	—	400	—		—
	4	By post.exps.A/c		250	—	—	—	250		—
	5	By Kiritbhai A/c		1200	—	—	—	—		1200
				2900	600	450	400	250		1200
	5	By balance c/f		2100						
5000				5000						

Ledger of Pavan

Wages Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2-6-16	To cash A/c (As per petty cash A/c)		600				

Stationery Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2-6-16	To cash A/c (As per petty cash A/c)		450				

Carriage Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
3-6-16	To cash A/c (As per petty cash A/c)		400				

Postage Expenses Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
4-6-16	To cash A/c (As per petty cash A/c)		250				

Kiritbhai's Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
5-6-16	To cash A/c (As per petty cash A/c)		1200				

Note : As per the classification of the expenses in petty cash book, accounts for all the expenses are prepared and accordingly posting is made therein. Besides this if any transaction is connected with an individual, posting is to be made in that account too, e.g. in above illustration posting is made in Kiritbhai's account.

10. Classification of Ledger (Sub division of Ledger)

Number of accounts drawn in ledger, depends upon the quantum of financial transactions of a business. If the number of accounts are reasonable, the ledger book will not become too bulky, but if number of accounts are more, the volume of ledger book becomes too bulky. If there is only one book of ledger, the work of posting cannot be divided between more than one persons.

At this stage, on the basis of certain criteria, all accounts are classified into different divisions. When more than one ledgers are maintained, by classifying all accounts of a ledger, it is known as **division of ledger or classification of ledger**. It is also called **sub-division of ledger or subsidiary ledger**. By this, more than one books are maintained for the ledger, movements of the books become more easy and the work distribution can be done very easily. Even in the computer age the importance of subsidiary ledger is maintained.

Classification of a ledger can be done in various ways. Considering the receivables, payables and other accounts, the following types of classifications are generally adopted by most of the traders :
(1) Ledger of Individuals (2) General Ledger.

(1) **Ledger of individuals** : One of the objects of maintain accounts is to get the information regarding receivables and payables of a business, at any point of time easily and quickly. Accounts of traders from whom the goods are purchased on credit are creditor's accounts and account of customers from to goods are sold on credit are debtors accounts. These are called individual's account.

A separte ledger for business creditors goods is kept and it is known as **Creditor's Ledger (Purchase Ledger)**.

In the same way, a separate ledger for business debtors of goods is kept and it is known as **Debitor's Ledger. (Sales Ledger)**.

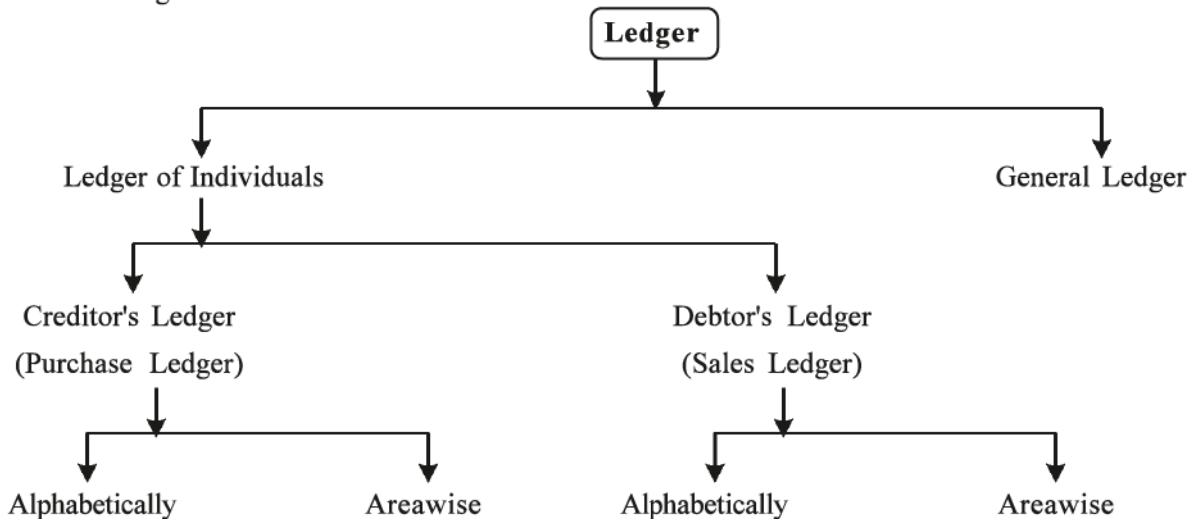
Besides this, the creditors ledger and debtors ledger can also be further classified as per the requirement of a business as under, in the following additional sub-divisions :

(a) Alphabetically (b) Areawise

(a) **Alphabetically** : Here, the ledger can be divided on the basis of the name of a person. e.g. 'A' to 'N' or 'O' to 'Z' as per the name of individuals account.

(b) **Areawise** : Considering the sales area of a trader, a ledger can be classified. e.g. Accounts of individuals of Gujarat State, Account of individuals of Rajasthan State etc.

(2) **General ledger** : Out of total accounts of the business, except the accounts of debtors and creditors, accounts of all the remaining individuals and other accounts are maintained in one separate ledger, which is known as General Ledger. Classification of a ledger can be understood with the help of the following chart.



11. Balancing an Account

Process of writing accounts, is a continuous process during the whole year. During the year as and when a trader wants to know the position of various accounts, he can get the information through the verification of those accounts from the ledger. A process of preparing a summary of an account at the end of a certain period is known as the **process of finding out the balance** of that account. In order to find out the summary of any account, the difference of the total amount on debit side and that on credit side is to be found out and the difference between the two, is known as the '**Balance of that Account**'. Let us understand the process to find the Balance of Account by the following particulars and illustrations.

(1) In order to find out the balance of an account, we need to find the difference between the amount on the credit side and the side of an account. e.g. In a cash account, total of the amounts on debit side, comes to ₹ 85,000 and the total of the amounts on credit side, comes to ₹ 78,000 and therefore the difference of ₹ 7000 (85,000 – 78,000) in the balance of a cash account.

(2) The side on which the total is higher in an account that amount has to be written as a total on both the sides and then we find the differences.

(3) As mentioned above, to find the balance of an account, the side on which the total is higher, the difference is written as a **Balance carried forward (Bal. c/f)** on the opposite side. If the total of debit side is higher, such amount of difference is said as debit balance and it is also called the closing balance of that account. Similarly if the total of the credit side is higher then the amount of difference is written on the debit side as a last item, as a balance carried forward and it is known as credit balance and it is also called the closing balance of that account.

(4) The amount of difference found in an account is shown as the last item in the account and against this last date is written.

(5) Closing balance, as found above is treated as an opening balance for the next accounting period. This opening balance is shown on the opposite side of the closing balance in an account as its first item. This is in the column of the particulars, will be written as a **Balance brought down (Bal. b/d)** or **Balance brought forward (Bal. b/f)**. In the column of date first date of the month of a new period will be written. While in the column of the amount, amount of the closing balance will be written.

In chapter 2 we had studied the three types of accounts and their rules - Personal Account, Real Account and Nominal Account. In Personal Account and Real Account we might have a balance amount and that is shown as the balance carried forward at the end of the year. This is shown as the balance brought forward in the next year. The Nominal Account is closed at the end of the year and the balance amount is transferred to the Trading A/c or the Profit and Loss A/c.

To understand the above particulars, let us read the following specimen account of Sanjay Traders.

Sanjay Traders Account

Dr				Cr			
Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2016				2016			
March 2	To sales A/c		18,000	March 8	By cash A/c		5000
16	To sales A/c		21,000	18	By bank A/c		16,000
24	To sales A/c		30,000	26	By bank A/c		12,000
				27	By cash A/c		8000
				31	By balance c/f		28,000
			69,000				69,000
2016							
April 1	To balance b/f		28,000				

Here, the total amount on debit side is ₹ 69,000. While the total amount on credit side is ₹ 41,000 (₹ 5000 + ₹ 16,000 + ₹ 12,000 + ₹ 8000). Hence, the amount of the difference would be ₹ 69,000 – ₹ 41,000 = ₹ 28,000.

This difference is called a debit balance (closing balance) of this account. It is shown as a balance carried forward and in the column of date, last date of the month (i.e. 31st March, 2016) will be written.

As per the specimen, the closing balance would be shown as the balance brought forward (opening balance) in the next year as on 1st date of the next month on the debit side of the account and which is the opposite side of the closing balance.

(I) In any Account, when the transactions are recorded only on one side : When, in any account transactions are recorded on its one side only, no transactions are recorded on the other side, the balance is found out as per the method stated above only. See the following specimen for this.

Salary Account

Dr				Cr			
Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2016				2016			
June 2	To bank A/c		25,000	June 30	By balance b/f		30,000
4	To cash A/c		3000				
5	To cash A/c		2000				
			30,000				30,000
2016							
July 1	To balance c/f		30,000				

Note : Here, the total amount on debit side is ₹ 30,000. While, the total amount on credit side is zero. Therefore, difference amount ₹ 30,000 – zero = ₹ 30,000 would be the debit balance. Here, Salary A/c is only for one month. Hence, it shows a balance. Normally, this types of accounts are closed at the end of the year and the balance is transfer to profit and loss a/c.

(II) From the view point of a balance, in any account there can be any one situation, out of the following three situations.

(i) **Debit Balance** : In any account, when the total of the amount on debit side exceeds the total of the amount on credit side, the balance obtained as a difference is known as a **debit balance**.

(ii) **Credit Balance** : The account in which the total of the amount on its credit side exceeds than, the total of amount on debit side, the balance arrived as a difference is known as **credit balance**.

(iii) **Squared up Account** : While making the totals in any account, if totals of both the sides are equal and there is no difference of amounts then the account is said as **squared up or settled**.

From the following illustration, understand the above concepts.

Illustration 10 : Following are the accounts extracted from the ledger of Shailja. From the balance of each account, decide whether it is a debit balance or credit balance.

Ledger of Shailja
Capital Account

Dr				Cr			
Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2016 July 31	To balance c/f		4,70,000	2016 July 1	By cash A/c		50,000
				1	By building A/c		4,20,000
			4,70,000				4,70,000

Building Account

Dr				Cr			
Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2016 July 1	To capital A/c		4,20,000	2016 July 31	By balance c/f		4,20,000
			4,20,000				4,20,000

Furniture Account

Dr				Cr			
Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2016 July 2	To Ronak Fur. Mart A/c		40,000	2016 July 31	By balance c/f		40,000
			40,000				40,000

Purchase Account

Dr				Cr			
Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2016 July 3	To Rajesh A/c		85,000	2016 July 31	By balance c/f		85,000
			85,000				85,000

Sales Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2016 July 31	To balance c/f		1,20,000	2016 July 7	By Jaineesh A/c		1,20,000
			1,20,000				1,20,000

Jaineesh's Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2016 July 7	To sales A/c		1,20,000	2016 July 8	By bank A/c		80,000
				31	By balance c/f		40,000
			1,20,000				1,20,000

Rajesh's Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2016 July 6	To cash A/c		15,000	2016 July 3	By purchase A/c		85,000
16	To bank A/c		20,000				
31	To balance c/f		50,000				
			85,000				85,000

Salary Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2016 July 30	To bank A/c		12,000	2016 July 31	By balance c/f		12,000
			12,000				12,000

Commission Received Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2016 July 31	To balance c/f		8200	2016 July 25	By cash A/c		8200
			8200				8200

Cash Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2016 July 1	To capital A/c		50,000	2016 July 2	By bank A/c		5000
25	To commi. rec. A/c		8200	6	By Rajesh A/c		15,000
				31	By balance c/f		38,200
			58,200				58,200

Bank Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2016 July 2	To cash A/c		5000	2016 July 16	By Rajesh A/c		20,000
8	To Jaineesh A/c		80,000	30	By Salary A/c		12,000
				30	By Ronak Fur.Mart A/c		40,000
				31	By balance c/f		13,000
			85,000				85,000

Ronak Furniture Mart Account

Dr

Cr

Date	Particulars	J. F.	Amount (₹)	Date	Particulars	J. F.	Amount (₹)
2016 July 30	To Bank A/c		40,000	2016 July 2	By furniture A/c		40,000
			40,000				40,000

Capital A/c : In this account, the total amount of credit side is ₹ 4,70,000. While, the total amount of debit side is zero. Therefore, the difference amount is ₹ 4,70,000 and it is called **Credit balance**.

Building A/c : In this account, the total amount of debit side is ₹ 4,20,000. While, the total amount on credit side is zero.. Therefore, the difference is ₹ 4,20,000 and it is called **Debit balance**.

So, in any account when the total amount of debit side is more than the total amount of credit side, then the difference is written on the credit side and the difference is called as the **Debit balance**.

In the above illustration, in furniture a/c, purchase a/c, Jineesh's a/c, salary a/c, cash a/c and bank a/c, the total of the amount on the debit side is more than the total of the amount on credit side. Therefore, the difference amount is to be shown on the credit side and it is called as the **Debit balance**.

In any account, if the total amount on the credit side is more than the total amount on the debit side, then the difference amount is to be shown on the debit side and it is called as the **Credit balance**. In the above illustration besides the capital a/c, in sales a/c, in Rajesh's a/c and also in commission received a/c, the difference is called **Credit balance**.

While in the Ronak Furniture Mart account the total amount of both sides are equal. Therefore there is no difference. Hence, this account is called '**squared up account**'.

Now let us prepare a statement of balances of all accounts included in above illustration. Thenafter, let us have a total of debit balances and credit balances.

Statement Prepared on the Basis of Balance of Accounts

Name of the Accounts	Debit Balance (₹)	Credit Balance (₹)
Capital Account	—	4,70,000
Building Account	4,20,000	—
Furniture Account	40,000	—
Purchase Account	85,000	—
Sales Account	—	1,20,000
Jaineesh Account	40,000	—
Rajesh Account	—	50,000
Salary Account	12,000	—
Commission Received Account	—	8200
Cash Account	38,200	—
Bank Account	13,000	—
Ronak Furniture Mart Account	—	—
Total Amount	6,48,200	6,48,200

Account of Ronak Furniture Mart is squared up. So, there is no balance.

Here, in the above prepared statement, the total of the amounts of debit balances and credit balances becomes equal. This type of statement is called Trial Balance. We will study this in detail in the next chapter.

In this chapter, we learnt that, the balance of any account is either debit or credit. According to the rules of debit and credit of double entry book-keeping system. Generally the debit or credit balance is fixed in any account.

Exercise

1. Select the correct option for each question :

- (1) What is called a 'King of Books' ?
 - (a) Journal book
 - (b) Journal proper book
 - (c) Ledger book
 - (d) Book for noting of transactions
- (2) Which book is called the original book ?
 - (a) Journal
 - (b) Ledger
 - (c) Journal proper
 - (d) Cash book
- (3) In which forms of ledger, the new pages can't be added as per requirement ?
 - (a) Card ledger
 - (b) Computer accounts
 - (c) Loose leave ledger
 - (d) Bound book ledger

- (4) Which type of account is called squared up account ?
 - (a) When the total amount of the debit side is more
 - (b) When the total amount of both the sides is equal
 - (c) When the total amount of the credit side is more
 - (d) When there is no transaction in the account
- (5) Normally, which type of balance is found in asset account ?
 - (a) Credit balance
 - (b) Debit balance
 - (c) Debit or Credit balance
 - (d) Account is settled
- (6) Goodwill is which type of asset and what is the type of its balance ?
 - (a) Tangible asset, debit balance
 - (b) Fictitious asset, credit balance
 - (c) Tangible asset, credit balance
 - (d) Intangible asset, debit balance
- (7) How to show the closing balance of account in the column of particulars ?
 - (a) Balance carried forward
 - (b) Balance carried down
 - (c) Difference of balance
 - (d) Difference of amount

2. Give the answer of the following questions in one or two lines :

- (1) What is Ledger ?
- (2) How many sides are there in an account ? Which are they ?
- (3) What is an index of a ledger ?
- (4) When do we have a debit balance or credit balance in an account ?
- (5) What is squared up account ?
- (6) Which columns are drawn in an account ?
- (7) What is posting ?
- (8) Which types of ledgers are popular ?
- (9) What is the classification of ledger ?
- (10) Ledger of individuals are shown under which type of classification ?
- (11) Normally, which accounts are prepared in General ledger ?

3. Give the answer in detail of the following questions :

- (1) What is an account ? Explain it.
- (2) Prepare a specimen of an account and explain its each column.
- (3) What is a ledger ? Give the information regarding its utility.
- (4) Explain the importance of a ledger.
- (5) "Ledger is a principal book of account." or "Ledger is a king of books." - explain in detail.
- (6) Give the detailed information regarding different forms (types) of ledger.
- (7) What is posting ? Explain the process of posting with the help of simple journal entry.
- (8) Explain the process of posting of a combined journal entry.
- (9) Give the meaning of the classification of ledgers and explain this classification in detail.
- (10) Explain the process of balancing an account with an illustration.

4. State whether the balances of the following accounts will have a debit balance or credit balance :

- | | |
|-------------------------------------|---|
| (1) Purchase Account | (2) Sales Account |
| (3) Sales Return Account | (4) Debtor's (customer's) Account |
| (5) Capital Account | (6) Salary Account |
| (7) Rent Received Account | (8) Building Account |
| (9) Drawings Account | (10) Bad debts Account |
| (11) Goods burnt by fire Account | (12) Loss by theft Account |
| (13) Advertisement Expenses Account | (14) Contribution to Provident Fund Account |

5. In the books of Shri Katara, write journal entries, for the following transactions, draw necessary accounts in the ledger and post them accordingly :

- (1) Brought ₹ 3,30,000 in business. From this ₹ 2,30,000 deposited in a bank.
- (2) Cash purchase ₹ 85,000.
- (3) From Ajmal Furniture Mart, a furniture of ₹ 11,500 is purchased for office use.
- (4) A cheque of ₹ 8000 is given to Kanubhai against dues.
- (5) Against the receivables of ₹ 7800 from Rajubhai, cheque received ₹ 7500 for full and final payment.
- (6) Cash sales of ₹ 15,000.
- (7) Credit sales to Rameshbhai of ₹ 75,000.
- (8) Salary paid of ₹ 6200.

6. In the book of Panchal Stores, write journal entries, for the following transactions, draw the necessary accounts, in the ledger and post them accordingly :

2016

- April 1 Cash ₹ 40,000 and furniture of ₹ 20,000 brought in business.
- 2 Goods of ₹ 36,000 are sold to Dhaval stores at 10 % trade discount. For this, Dhaval Stores has paid a cash ₹ 15,000.
- 3 ₹ 18,000 is deposited in a bank.
- 4 Goods of ₹ 20,000 are purchased at 12 % trade discount from Dhara Stores. For this a cheque of ₹ 8000 is given.
- 5 Withdrawn from the bank ₹ 5000 for office expenses and ₹ 4000 for the household expenses.
- 7 Office expenses paid ₹ 2200.
- 8 Against the dues of ₹ 4830, paid ₹ 4800 in cash for the final settlement to Jayeshbhai.
- 9 Due to the fire in godown, goods of ₹ 3200 is burnt by fire and insurance company has accepted a claim of ₹ 2600 for the same.
- 10 Goods of ₹ 6600 are purchased from Anil Traders and towards this, payment of ₹ 2600 is made in cash.
- 12 Paid ₹ 4800 for shop rent and ₹ 6000 for house rent.
- 13 Paid ₹ 4000 to Anil Traders by cheque.

7. From the following transactions prepare subsidiary books of Amjad Garments and post them in necessary accounts in the ledger :

2016

- August 1 Goods of ₹ 48,000 are purchased at 10 % trade discount from Zuben Traders.
- 2 Goods of ₹ 42,000 are purchased at 5 % trade discount from Mazhar.

- 3 Goods of ₹ 20,000 are purchased at 5 % trade discount from Mahesh Stores.
- 4 Purchased furniture of ₹ 12,000 from Ashraf Furniture Mart.
- 7 Goods of ₹ 24,000 is sold at 20 % profit to Rajabhai at 10 % trade discount.
- 8 Goods of ₹ 36,000 are sold to Salman at 5 % trade discount.
- 9 Goods of ₹ 4000 are returned to Dineshbhai.
- 10 Goods of ₹ 12,000 are sold to Chinubhai at 10 % trade discount.
- 14 Goods of ₹ 6200 are returned by Rajabhai.
- 15 Goods of ₹ 3500 are returned to Salim.
- 16 Goods of ₹ 1600 are returned by Mitul.

8. From the following transactions prepare subsidiary books of Janki Stores and post them in necessary accounts :

2016

- June 1 Goods of ₹ 9000 are sold at 10 % profit to Shakil Traders. Outward invoice no. 251.
- 2 Goods of ₹ 9600 are purchased from Nargis at 10 % trade discount. Inward invoice no. 636.
 - 3 Goods of ₹ 5600 are sold at 15 % profit to Nitin Stores. Outward invoice no. 252.
 - 4 Goods of ₹ 6000 are purchased from Paresh at 5 % trade discount. Inward invoice no. 525.
 - 5 Goods of ₹ 750 are received back from Vishwas. Credit note no. 81.
 - 7 Goods of ₹ 900 returned to Bharat. Debit note no. 221.
 - 8 Goods of ₹ 1100 returned by Nitin, as the goods were not according to sample. Credit note no. 82.
 - 9 As the goods of ₹ 920 are damaged, they are returned back to Nargis. Debit note no. 222.
 - 10 Three cupboards at the rate of ₹ 2400 each are purchased from Ashwin Furniture Mart. Credit bill no. 67.
 - 14 As one of the cupboard from those which were purchased from Ashwin Furniture Mart, is in damaged condition it is returned to them. Debit note no. 223.

9. The following is the information relating to purchase of goods by Manglam Sari Centre. From this prepare their goods wise columnar purchase book and post them in ledger.

2016

- Sept. 1 40 Cotton sarees at the rate of ₹ 450 and 20 silk sarees at the rate of ₹ 600 are purchased from Ladli Fashion Stores at 10 % trade discount. Inward invoice no. 23.
- 2 25 Silk sarees at the rate of ₹ 750 and 10 Badhani sarees at the rate of ₹ 1000 are purchased from Poonam Sari Centres at 10 % trade discount. Inward invoice no. 204.
 - 3 20 cotton sarees at the rate of ₹ 400, 30 silk sarees at the rate of ₹ 800 and 15 Bandhani sarees at the rate of ₹ 1200 are purchased from Rajvi Stores at 20 % trade discount. Inward invoice no. 321.

10. From the following information, prepare a columnar (expense-wise) purchase book of John Fashion and post them in ledger :

2018

- July 1 Goods of ₹ 14,000 are purchased from Pestanji at 10 % trade discount. Trader has given a bill along with wages of ₹ 240 and railway freight of ₹ 200.
- 2 Goods of ₹ 12,800 are purchased from Rustamji at 5 % trade discount. In the invoice of the trader is shown ₹ 220 for the railway freight and ₹ 100 for carriage.
 - 3 Goods of ₹ 10,000 are purchased from Tomy Traders at 5 % trade discount. In the invoice which is sent by the trader, it is shown ₹ 200 for wages and ₹ 80 for carriage.

- 11. From the following transactions prepare different subsidiary book with GST at 12 % in the books of Amar Trading of Ahmedabad. Write journal entries also and make posting of them. GST is not included for following transactions. Add applicable amounts of GST and prepare subsidiary books, journal entries and posting of them.**

2019

- May 1 Goods purchased of ₹ 90,000 at 10 % trade discount from Jatin Traders of Jamnagar. Railway freight ₹ 3000. Invoice no. 321.
- 3 Goods purchased of ₹ 80,000 from Vinod Traders of Pune (Maharashtra). Railway freight ₹ 3200, labour charges ₹ 600 and invoice no. 322.
- 5 Goods sold of ₹ 72,000 at 10 % trade discount to Rajiv Trading of Rajkot. Railway freight ₹ 500, labour charge ₹ 300 and invoice no. 471.
- 7 Goods sold of ₹ 50,000 at 10 % trade discount to Uday Trading of Udaipur (Rajasthan). Railway freight ₹ 600 and wages ₹ 300. Invoice no. 472.
- 12 50 % goods returned by Rajiv Trading of Rajkot. ₹ 200 of railway freight and ₹ 150 of labour change are adjusted. Credit note no. 16.
- 18 Goods of ₹ 20,000 returned to Vinod Traders of Pune (Maharashtra). ₹ 1000 and railway freight and ₹ 200 of labour charge are adjusted. Debit note no. 31.

- 12. From the following information of Mahashankar Stores, prepare three columnar cash book and post it in ledger :**

2016

- Oct. 1 Cash balance ₹ 30,000, bank balance ₹ 42,000
- 3 Withdraw ₹ 12,000 from bank for business.
- 4 Cash purchase ₹ 5500, cash sales ₹ 16,000
- 5 Gave a cheque of ₹ 1200 for the purchase of office stationery.
- 8 A cheque of ₹ 4500 is given to Shivshankar for full settlement towards payables of ₹ 4515.
- 9 Against the receivables of ₹ 16,200, due from Devshankar, received ₹ 6000 in cash and ₹ 10,000 by cheque in full settlement.
- 10 A cheque of ₹ 2100 is given to 'Umashankar News Agency', for the advertisement in newspaper.
- 11 Paid ₹ 2200 as the electricity bill of the shop and ₹ 1200 as the electricity bill of the residence from the business.
- 12 By paying cash of ₹ 8600, Premshankar has closed his account of ₹ 8680.

- 13. From the following information prepare a petty cash book in the books of Anup Stores and post them in ledger :**

2016

- July 1 Cash balance ₹ 2800.
- 2 Received ₹ 5000 from the cashier, Ishan.
- 3 Paid ₹ 250 for wages and ₹ 120 for cartage.
- 4 ₹ 320 paid for the purchase of stationery.

- 5 ₹ 150 paid for sending the post.
- 7 Paid cartage of ₹ 130 for the goods purchased.
- 8 ₹ 250 paid for recharge of the office mobile.
- 10 Paid ₹ 80 for the photocopy of office work.
- 11 Paid ₹ 1200 to Purvi and ₹ 800 to Hiya.

14. From the following transactions pass journal entries in the books of Dharmendra and post them in ledger. Find out the balance of each account and decide which account has which balance.

2016

- July
- 1 Commenced a business by bringing in cash of ₹ 80,000 and furniture of ₹ 20,000.
 - 2 A bank account is opened, by depositing ₹ 30,000.
 - 3 Goods of ₹ 12,000 are purchased from Mahendra at 6 % trade discount and paid cash ₹ 4000.
 - 5 Goods of ₹ 7500 are sold to Narendra at 10 % trade discount and he has paid ₹ 2000.
 - 6 Paid in cash ₹ 3000 for shop board and ₹ 4000 for advertisement in a newspaper.
 - 7 Paid life insurance premium of ₹ 6000 and son's school fees of ₹ 2200 from the shop.
 - 8 Given a cheque of ₹ 7200 to Mahendra and settled his account.
 - 10 Received a cheque of ₹ 4700 from Narendra in full settlement.
 - 11 Purchased the furniture of ₹ 5000 from Surendra Hardware. Against this given ₹ 3000 by cheque and ₹ 2000 in cash.

15. From the following transactions pass journal entries in the books of Badshah. Post them in ledger. Find out the balance of each account and state whether it is a debit balance or credit balance and also mention the amount :

2016

- Nov.
- 1 Brought ₹ 75,000 cash and goods of ₹ 15,000 in the business.
 - 2 Deposited ₹ 40,000 in bank.
 - 3 Goods of ₹ 15,000 are purchased from Aunti at 10 % trade discount and paid ₹ 3000 cash.
 - 5 Goods of ₹ 20,000 are sold at 30 % profit to Govind, at 10 % trade discount. Govind has given a cheque of ₹ 5000, which is deposited in the bank.
 - 7 Paid salary ₹ 4500 and cartage ₹ 450.
 - 8 Fire insurance premium of ₹ 2000 is paid by cheque.
 - 10 Paid ₹ 3500 by cheque to Shah Agency for an advertisement in a newspaper.
 - 12 Goods of ₹ 24,000 purchased from Chakan at 10 % trade discount and paid ₹ 9600 cash to Chakan.
 - 14 Paid ₹ 10,000 by cheque to Aunti and the balance amount in cash.
 - 15 A cheque of ₹ 18,400 send by Govind. Which is deposited in the bank.
 - 16 Paid ₹ 4000 from the business for the school fees of daughter, Urja.

16. Record the following transactions in three columnar cash book of Mohan. Post them in necessary accounts. Find out the balance of each account and show the amount and type of balance :

2016

- Aug. 1 Opening cash balance ₹ 24,000 and bank balance ₹ 20,000
2 Cash deposited in bank ₹ 14,000.
3 Goods of ₹ 20,000 are sold to Sureshbhai, for which we received cash ₹ 8000 and for the balance we received a cheque which is deposited in the bank.
5 Paid shop rent ₹ 1500 by cheque and salary of ₹ 2500 in cash.
7 Goods of ₹ 8700 are purchased from Dineshbhai, for which paid ₹ 700 in cash.
9 Paid a electricity bill of ₹ 1870 and telephone bill of ₹ 530 by cheque.
11 Goods of ₹ 9000 are sold to Kanji at 10 % trade discount. For which, received ₹ 1900 in cash.
13 Jyantibhai has paid ₹ 4800 for his dues of ₹ 5000 and settled his account.
16 Gave a cheque of ₹ 7600 to Dineshbhai and settled his account.
17 Paid ₹ 1800 in cash from business for gift on Shital's marriage function.
20 Goods of ₹ 11,000 are sold to Pandya Brothers and he has paid the full amount at 2 % cash discount.
22 Received a cheque of ₹ 6000 from Kanji in full settlement against his dues of ₹ 6200.
24 Received a cheque of ₹ 1600 for commission, which is deposited in the bank.

