Ledger and Posting

Learning objectives

By the study of this chapter students will be -

✓   Able to understand meaning of Ledger and Posting

✓   Able to understand the advantages of Ledger.

✓   Able to open necessary accounts in to Ledger from primary accounting books- Journal, Purchase Book, Purchase Return Book, Sales Book, Sales Return Books and posted them into ledger accounts.

✓   Able to prepare different ledger accounts and to know their balances.

In the first step of Double Entry System, we learnt how the both aspects of each transaction are written in Primary Books in a systematic manner. From the Primary Books, we cannot identify how many transactions have taken place for a particular item on different dates and what is the situation in present time and what is the balance? For example how many transactions have taken place with Mr. Ankush who is a costumer and how much amount has to be paid or received. This information can be obtained only from the account of Mr. Ankush Similarly how much goods have been purchased in an Accounting Year and in other works how much amount has been used. This information can be taken from Purchase Account. For all these information, we should study the second step of Double Entry System.

Second Stage of Double Entry System- Ledger

A ledger is the book of primary accounts, which contains records of all the transactions in classified form and posted in different - different accounts with the help of Primary Books. This is also called Principal Book of Accounts

According to Mr.J.R. Batliboy

"Ledger is the book in which all business related transactions are systematically classified in their related accounts."

Importance, Advantages or Utility of Ledger:

*   All three types of accounts are opened- Personal, Real and Nominal Accounts.

*   All transactions are written at a place, date wise so that necessary information can be available easily.

*   At the end of the year, balances of all accounts can be found out and present situation of business can be assessed.

*   Helpful in preparation of Trail Balance and Final Accounts.

Format of Ledger

The format of accounts which is opened in Ledger, is :

LEDGER OF M/S / SHREE.......

....ACCOUNT

Dr.   Cr.

Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹

Ledger is divided into two parts- left side is Debit and Right side is Credit. Each segment has four column :-

1. Date :- In this the date of transactions is written.

2. Particulars:- In this before the name of accounts write, 'To' in debit side and write 'By' in credit side.

3. Journal Folio or J.F. :- In this column the page no .of Journal or subsidiary book, which is related to that particular transaction is written.

4. Amount :- Write the amount of transactions in this column.

Posting:

With the help of primary books ,write the transactions in Ledger according to the prescribed manner, it is called Posting.

Posting in Ledger:

The process of posting from Journal to Ledger is as under:

*To understand the process of posting we can use an example:

M/S Sunil Brothers purchased goods from Deepak on 22/07/2016 for ₹ 5,000

Journal Entry will be:

Journal (Page.No.10)of M/s Sunil Brother

Date	Particulars		L.F.	Amount (Dr)	Amount (Cr)
2016	Purchase A/c	Dr	20	5.000	
July 22	To Deepak		21		5,000

Firstly write the name of firm, business or businessman.

LEDGER OF M/s SUNIL BROTHERS

*In the title of account, name of account and page no. is to be written. In the name of person or organization only its name is mentioned. Like in the account of Deepak 'Deepak' or 'Deepak's Account'

Dr.Deepak

Dr.   Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹

*Use **account** word with accounts of other than the name of person or organization. For example purchase:

Purchase Account

Dr.   Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹

* In the column of date, Date is written when the transaction happened-2015, July 22.

* In Particulars column of debit side start with 'To' and in credit side start with 'By'.

* In Journal, the account which is debited, in Ledger, all postings will be done related to that account will be debited and if in Journal ,the account is credited the posting will be held on credit side. For example in Journal Purchase Account is debited, so in Purchase Account of ledger posing will be on debit side and Deepak's Account is credited so posting will be on credit side.

* At the time of posting, opposite aspect of particulars of Journal is written. Like in above example ,Purchase Account is debited with 'To Deepak A/c' and in Deepak's Account write 'By Purchase A/c'.

* In the column of amount ,the amount is written which is related to that account.

* J.F. refers to journal folio (page no.) from where ,the transaction is taken while posting.

* The whole process can be understood by the following example.

Ledger of M/s Sunil Brothers
Purchase Account (P. No. 20)

Dr.   Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2016 July 22	To Deepak	10	5,000				

Deepak (P. No. 21)

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
				2016 July 22	By Purchase a/c	10	5,000

* Only Single account is opened for any one item.
* If any page is filled then write Balance c/f (carried forward) and start with next page Balance b/f (Brought forward).

Example 01:

Enter the following transactions in the Journal of Shree Ram & Sons and post them into ledger.

2016   January   14   sold goods to Mohan   ₹ 6,000

2016   January   20   Amount received from Mohan   ₹ 2,500

2016   January   25   Goods Sold   ₹ 3,000

Solution

Journal of Shree Ram & Sons (P. no. 24)

Date	Particulars	L.F.	Amount Dr	Amount Cr
2016 Jan.14	Mohan Dr To Sales a/c (Being goods sold to Mohan)		6,000	6,000
Jan.20	Cash a/c Dr To Mohan (Being cash received from Mohan)		2,500	2,500
Jan 25	Cash a/c Dr To Sales a/c (Being goods sold with cash)		3,000	3,000
	Total		11,500	11,500

Ledger of Shree Ram & Sons
Mohan (P. No. 24)

Dr.   Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2016 Jan 14	To Sales a/c	24	6,000	2016 Jan 14	By cash a/c	24	2,500

Sales Account (P. No. 13)

Dr.   Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
				2016 Jan 14	By Mohan	24	6,000
				Jan 20	By cash a/c	24	3,000

Cash Account (p. No. 7)

Dr.   Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2016 Jan 20 Jan 25	To Mohan To Sales a/c	24 24	2,500 3,000				

Posting in Ledger from Compound Entry:

In compound entry there are more than one account in one or both aspects. So at the time of posting following things should be kept in mind.

- Posting, when in one side is single account and another side has multiple accounts.

Example: 2: Received cash from Vinayak ₹ 1950 in full settlement of ₹ 2000.

Journal Entry :

Cash A/c   Dr   1,950

Discount A/c   Dr   50

To Vinayak A/c   2000

Posting in Ledger:

Cash Account

Dr.   Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
	To Vinayak		1,950				

Discount Account

Dr.   Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
	To Vinayak		50				

Vinayak's Account

Dr.   Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
	To balance b/d				By Cash A/c By Discount A/c		1,950 50

- Both sides have more than one account ,posting will be as:

Example: 3   Started business- cash ₹20,000 ; Stock ₹ 15,000 and 5,000(apart from cash)

Jo Journal Entry-

Cash A/c   Dr   25,000

Stock A/c   Dr   15,000

                      To Bank Loan A/c   5,000

                      To Capital A/c   35,000

In cash account ₹ 5000 is bank loan and ₹ 20,000 as capital. Similarly in capital account ₹20,000 is cash and ₹ 15,000 as stock. Same as Stock Account is related to Capital Account and Bank Loan is related to Cash Account. We should be concerned about all these things.

Cash Account

Dr.   Cr.

Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
	To Bank Loan A/c To Capital A/c		5,000 20,000				

Stock Account

Dr.   Cr.

Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
	To Capital A/c		15,000				

Bank Loan Account

Dr.   Cr.

Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
					By Cash		5,000

Capital   Account

Dr.   Cr.

Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
					By cash a/c By stock a/c		20,000 15,000

Example 3: Provide Journal Entries of the following transactions and post them into Ledger-

2016

April 1   Started business with , cash ₹ 40,000, Stock ₹ 20,000, Furniture ₹ 5,000 and

loan from X ₹ 3,000 (include in cash)

April 10   Purchased goods from Mahendra ₹ 15,000 and paid in cash ₹ 10,000.

April 15   Withdraw for use by the business proprietor – cash ₹ 1200 and goods ₹ 800

April 22   Goods lost by fire Personal ₹ 1,000, Insurance Company admitted 60% of the claims

Journal

Date	Particulars		L.F.	Amount Dr	Amount Cr
2016 April 1	Cash A/c Stock A/c Furniture A/c To X's Loan To Capital A/c (Being started business with cash, stock, furniture and loan from X)	Dr Dr Dr		40,000 20,000 5,000	 3,000 62,000
April 10	Purchases A/c To Cash A/c To Mahendra (Being goods purchased with cash and credit)	Dr		15,000	 10,000 5,000
April 15	Drawings A/c To Cash A/c To Purchases A/c (Being goods & cash taken away for personal)	Dr		2,000	 1,200 800
April 22	Loss by fire A/c Insurance A/c To Purchases A/c (Being goods destroyed by fire and 60% claim accepted by insurance co.)	Dr Dr		 400 600	 1,000
	Total			83,000	83,000

Ledger
Cash Account

Dr.   Cr.

Date	Particulars	J.F	Amount ₹	Date	Particulars	J.F	Amount ₹
2016				2016			
April 1	To Capital A/c		37,000	April 10	By Purchases a/c		10,000
April 1	To X loan A/c		3,000	April 15	By Drawings A/c		1,200

Stock Account

Dr.   Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2016 April 1	To Capital A/c		20,000				

Furniture Account

Dr.   Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2016 April 1	To Capital A/c		5,000				

X's Account

Dr.   Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
				2016 April 1	By Cash A/c		3000

Capital Account

Dr.   Cr.

Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
				2016 April 1	By Cash A/c		37,000
				April 1	By Stock A/c		20,000
				April 1	By Furniture A/c		5,000

Purchases Account

Dr.   Cr.

Date	Particulars	J F	Amount ₹	Date	Particulars	J F	Amount ₹
2016 April 10	To Cash A/c		10,000	2016 April 15	By Drawings A/c		800
April 10	To Mahendra A/c		5,000	April 22	By loss by fire A/c		400
				April 22	By Insurance co.		600

Mahendra's Account

Dr.   Cr.

Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
				2016 April 10	By Purchases A/c		5,000

Drawings Account

Dr.   Cr.

Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
2016 April 15	To Cash A/c		1200				
April 15	To Purchase A/c		800				

Loss by Fire Account

Dr.   Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2016 April 22	To purchase A/c		400				

Insurance Company

Dr.   Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2016 April 22	To Purchase A/c		600				

Example 4:

Enter the following transactions in the Journal (do not give narration) of Kishor and post them into Ledger.

Dec 1, 2016 Kishor started business with cash ₹.20,000, Stock ₹15,000 and Furniture ₹6,000

Dec 3, 2016   Purchased goods from Prashant ₹ 5,000 and received 10% trade discount.

Dec 7, 2016   Goods sold to Rishabh ₹ 3,000 and received cash 1,000.

Dec 10, 2016 Paid cash for salary ₹ 500 and stationery ₹ 200.

Dec 11 2016 Returned goods to Prashant of net value of ₹ 500 and paid the balance amount at 5% cash discount.

Dec 14, 2016 Rishabh became insolvent and received only 60 paise in a rupee from him.

Dec 18, 2016 Sold goods to Kavita ₹ 4000 at 5% trade discount. Received balance amount at 5% cash discount.

Dec 22, 2016   Goods ₹ 200 and cash ₹100.given as charity.

Dec 25, 2016   Purchased machine from Ashok Machinery Mart ₹ 4000 and paid cash ₹3000.

Dec 31, 2016   Received ₹ 300 from bad debts of Rishabh.

Journal of Kishor

Date	Particulars		L.F.	Amount Dr	Amount Cr
2016 Dec 1	Cash A/c	Dr		20,000	
	Stock A/c	Dr		15,000	
	Furniture A/c	Dr		6,000	
	To Capital A/c				41,000
Dec. 3	Purchase A/c	Dr		4500	
	To Prashant				4,500
Dec.7	Cash A/c	Dr		1,000	
	Rishabh	Dr		2,000	
	To Sales A/c				3,000
Dec.10	Salary A/c	Dr		500	
	Stationary A/c	Dr		200	
	To cash A/c				700
Dec.11	Prashant	Dr		4,500	
	To Purchase Return A/c				500
	To Cash A/c				3,800
	To Discount A/c				200
Dec.14	Cash A/c	Dr		1,200	
	Bad Debts A/c	Dr		800	
	To Rishabh				2,000
Dec.18	Cash A/c	Dr		3,610	
	Discount A/c	Dr		190	
	To Sales A/c				3,800
Dec.22	Charity A/c	Dr		300	
	To Purchase A/c				200
	To Cash A/c				100
Dec.25	Machinery A/c	Dr		4,000	
	To Cash A/c				3000
	To Ashok Machinery A/c				1000
Dec.31	Cash A/c	Dr		300	
	To Bad debts recovery A/c				300
	Total			64,100	64,100

Ledger of Kishor

Cash Account

Dr.   Cr

Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
2016				2016			
Dec.1	To Capital A/c		20,000	Dec.10	By Salary A/c		500
Dec.7	To Sales A/c		1,000	Dec.10	By Stationary		
Dec.14	To Rishabh		1,200	Dec,11	a/c		200
Dec.18	To Sales A/c		3,610	Dec.22	By Prashant		
Dec.31	To Bad debts		300	Dec.25	By Charity A/c		3800
	Recovered A/c				By Machinerya/c		
							100
							3000

Stock   Account

Dr.   Cr.

Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
2016							
Dec.1	To Capital A/c		15,000				

Furniture   Account

Dr.   Cr.

Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
2016							
Dec.1	To Capital A/c		6,000				

Capital   Account

Dr.   Cr.

Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
				2016			
				Dec.1	By Cash A/c		20,000
				Dec.1	By Stock A/c		15,000
				Dec.1	By Furniture A/c		6,000

Purchase Account

Dr.   Cr.

Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
2016 Dec.3	To Prashant		4,500	2016 Dec.22	By Charity A/c		200

Prashant Account

Dr.   Cr.

Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
2016 Dec.11	To Pur.ret.A/c		500	2016 Dec.3	By Purchase A/c		4,500
Dec.11	To Cash A/c		3,800				
Dec.11	To Discount A/c		200				

Rishabh Account

Dr.   Cr.

Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
2016 Dec.7	To Sales A/c		2,000	2016 Dec.14	By Cash A/c		1,200
				Dec.14	By Bad Debts A/c		800

Salary Account

Dr.   Cr.

Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
2016 Dec.10	To Cash A/c		500				

Stationery Account

Dr.   Cr.

Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
2016 Dec.10	To Cash A/c		200				

Purchases Return Account

Dr.   Cr.

Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
				2016 Dec.11	By Prashant A//c		500

Discount   Account

Dr.   Cr.

Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
2016 Dec.18	To Sales A/c		190	2016 Dec.11	By Prashant A/c		200

Bad Debts Account

Dr.   Cr.

Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
2016 Dec.14	To Rishabh A/c		800				

Charity Account

Dr.   Cr.

Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
2016 Dec.22	To Purchase A/c		200				
Dec.22	To Cash A/c		100				

Machinery Account

Dr.   Cr.

Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
2016 Dec.25	To Cash A/c		3,000				
Dec.25	To Ashok		1,000				
	Machinary Mart A/c						

Ashok Machinery Mart Account

Dr.							Cr.
Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
				2016 Dec.25	By Machinery A/c		1,000

Bad Debts Recovery Account

Dr.							Cr.
Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
				2016 Dec.31	By Cash A/c		300

Posting in Ledger from Subsidiary Books:

• The Process of posting in Ledger from Purchase Book:-

▪ Open different-different Creditors accounts and Purchase Account.

▪ In all creditors account in Cr side "By Purchase A/c" is written and put the amount in amount column and write the date in date column.

▪ At the end of month, total of purchase ledger is to be posted in the Purchase Account in Dr side "To Sundries as per Purchase Book" and write last date of month in date column.

Example : 4

From the following transactions ,make entries in Purchase book of Sagar & Bros. and post them in to ledger.

2016

7 Nov   Purchased goods from Manoj Matching Centre, Invoice no. 2310.

      20 Pant pieces of Siyaram @ ₹.350 each.

      15 Shirt pieces of Vimal @ ₹ 250 each.

23 Nov   Purchased goods from Mamta Cloth Store, Invoice no. 810.

      25 Metres shirting of Raymonds @ ₹ 200 per meter, at trade discount of 5%

26 Nov   Purchased 8 thaan of cloth (12 metres per thaan) from GauravVastra

      Bhandar @ ₹ 15 per meter , Invoice No. 250

28 Nov   Purchased goods from Garima Saree Centre, Invoice No.250

      10 Sarees of Pure Silk @ ₹ 1,800 per saree, at trade discount of 10%

Solution:

Purchases Book of Sagar& Brothers

Date	Particulars	In No.	L.F.	Detail ₹	Net ₹
2016 Nov 7	**Manoj Matching Centre** 20 Pant pieces @ ₹ 350 each 15 Shirt pieces @ ₹ 250 each	2310		7,000 3,750	10,750
Nov 23	**Mamta Cloth Store** 25 Metres shirting @ ₹ 200 per meter Less Trade discount 5%	810		5,000 250	4,750
Nov 26	**GauravVastraBhandar** 8 thaan of cloth @ ₹ 15 per meter.(each than of 12 mts.)	250		1,440	1,440
Nov 28	**GarimaSaree Centre** 10 Saree of Pure Silk ₹ 1,800 per saree, Less Trade discount 10%	250		18,000 1,800	16,200
Nov 30	Purchases A/c Dr.				33,140

Ledger
Manoj Matching Centre

Dr.   Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
				2016 Nov 7	By Purchase A/c		10,750

Mamta Cloth Store

Dr.   Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
				2016 Nov 23	By Purchase A/c		4,750

Gaurav Vastra Bhandar

Dr.   Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
				2016 Nov 26	By Purchase A/c		1,440

Gareema Saree Centre

Dr.   Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
				2016 Nov 28	By Purchase A/c		16,200

Purchase Account

Dr.   Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2016 Nov 30	To Sundries, as per Purchase Book		33,140				

Posting in Ledger ,from the Purchases Return Book:

- Open a Purchase Return account in Ledger and posted in creditors accounts.

- In all accounts of Creditor's Debit side write "To Purchase Return A/c " and write creditors amount, and mention date in date column.

- At the end of month total of Purchase Return ledger is posted into credit side of Purchase Return Account " By Sundries as per Purchase Return Book" and last date of month in date column.

Example : 5 Entre the following transactions in purchase return book, on the basis of Illustration 4 and post them into ledger.

2016 ,Nov. **10**   Returned 2 pants and 3 shirts to Manoj Matching Centre. Debit Note No 5

2016 ,Nov. **28**   Returned 1 thaan cloth Gaurav Vastra Bhandar due to poor quality, Debit note no.6

2016 , Nov. **30**   Returned 2 damaged sarees to Gareema Saree centre and received credit

                Note no. 15

Solution :

Purchases Return Book of Sagar& Brothers

Date	Particulars	Debit No.	L.F.	Detail ₹	Net ₹
2016 Nov 10	**Manoj Matching Centre** 2 pants @ ₹ 350 each 3 shirts @ ₹ 250 each	5		700 750	1,450
Nov 28	**GauravVastraBhandar** 1 thaan of cloth @ ₹ 15 per meter	6		180	180
Nov 30	**GarimaSaree Centre** 2 Saree of Pure Silk ₹ 1,800 per saree, Less trade discount 10%			3,600 360	3,240
Nov 30	Purchase Return A/c Cr.				4,870

Ledger
Manoj Matching Centre

Dr.   Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2016 Nov 10	To purchase return A/c		1,450				

Gaurav Vastra Bhandar

Dr.   Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2016 Nov 28	To purchase return A/c		180				

Gareema Saree Centre

Dr.   Cr.

Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
2016 Nov 30	To purchase return A/c		3,240				

Purchases Return Account

Dr.   Cr.

Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
				2016 Nov 30	To Sundries as per Purchase return Book		4,870

Posting in Ledger from Sales Book

In ledger we are to open, Sales account , different-different accounts of Debtors, GST account, Expense account and Donation account.

- In all debtors' account in debit side write " To Sales A/c, To GST A/c, To Expense A/c, To Donation A/c" and put the amount. Write date in date column.

- Write the total amount in credit side of Sales Account, GST Account, Expense Account and Donation Account " By Sundries as per sales book" and last date of month.

Example 06:

Entre the following transactions in the Sales Book of M/s Ganpat Lal & Bros and post them in-to ledger.

2017 ,Jan.05

Sold goods to Pradeep Store, Invoice No. 104 ,wheat 40 bags, 50 kg per bag @ ₹ 1,500per Qnts. Rice 10 bags, 40 kg each bag @ ₹ 1,600 per bag. Trade discount 5%, Freight ₹ 800, Brokerage ₹100, Charity ₹ 50

2017, Jan. 20

Sold goods to Rajendra and Co. Invoice No.106. Millet 15 bags, 80 kg each bag @800 per bag. Freight ₹ 100, Brokerage ₹50, GST 5%

2017, Jan. 28

 Sold goods to Ashok Kirana Store, invoice No. 110. Peanut Oil 10 tins @ ₹ 1,300 per Tin. Freight | ₹ 50, Charity ₹ 50, GST 5% and Trade Discount 10%

Sales Book of M/s GanpatLal& Brothers

Date	Particulars	Inv. No.	L.F.	Amount ₹					
				Detail	Sales	GST	Exp.	Donation	Total
2017 Jan.05	**Pradeep Stores** wheat 40 bags, 50 kg per bag @ ₹ 1,500per Qtl	104		30000					
	Rice 10 bags, 40 kg each bag @ ₹ 1,600 per bag			16000					
	Less :Trade discount 5%,			46000 2300	43700				
	Freight Brokerage Charity			800 100			900	50	44650
Jan 20	**Rajendra& Co** Millet 15 bags, 80 kg each bag @800 per bag	106			12000				
	GST 5% Freight			100 50		600			
	Brokerage						150	-	12750
Jan 28	**Ashok kirana Store** Peanut Oil ,10 tins @ ₹ 1,300 per Tin	110		13000					
	Less: Trade Discount 10%			1300					
	GST 5%				11700	585			
	Freight						50		
	Charity							50	12385
	Total				**67400**	**1185**	**1100**	**100**	**69785**

Ledger of GanapatLal Brothers
Pradeep Store

Dr.   Cr.

Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
2017 Jan 05	To Sales A/c		43700				
Jan 05	To Exp A/c		900				
Jan 05	To Donation A/c		50				

Rajendra& Company

Dr.   Cr.

Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
2017 Jan 20	To Sales A/c		12000				
Jan 20	To GST A/c		600				
Jan 20	To Exp. A/c		150				

Ashok Kirana Store

Dr.   Cr.

Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
2017 Jan 28	To Sales A/c		11700				
Jan 28	To GST A/c		585				
Jan 28	To Exp. A/c		50				
Jan 28	To Donation A/c		50				

Sales Account

Dr.   Cr.

Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
				2017 Jan 31	To Sundries as per Sales Book		67,400

<div align="center">**GST Collected Account**</div>

Dr.   Cr.

Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
				2017 Jan 31	To Sundries as per Sales Book		1,185

<div align="center">**Expenses Account**</div>

Dr.   Cr.

Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
				2017 Jan 31	To Sundries as per Sales Book		1,100

<div align="center">**Donation Account**</div>

Dr.   Cr.

Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
				2017 Jan 31	To Sundries as per Sales Book		100

Posting in Ledger from the Sales Return Book

Open a Sales Return Account in Ledger and make posting in various accounts of Debtors

- In all Debtors' Account credit side write "By Sales Return A/c" and put related amount and mention date in date column.

- At the end of month total amount of Sales Return Book is posted in Sales Return Account in Debit Side "To Sundries as per Sales Return Book"and mention last date of the month.

Example 07:

On the basis of Illustration 06, enter the following transactions in sales return book and post them into ledger.

2017

Jan 07   Returned goods by Pradeep Stores, Credit Note No.10: wheat 6 bags

            Rice 4 bags

Jan 25   Returned goods by Rajendra& Co, Credit Note No.20: Millet 2 bags

Jan 30   Returned goods by Ashok Kirana Store, Credit Note No.16: 1 tin Peanut oil.

Solution:

Sales Return Book of M/s Ganpatlal & Brothers

Date	Particulars	Credit note	L.F.	Amount ₹ Detail	Cr
2017 Jan 07	**Pradeep Stores** wheat 6 bags, 50 kg per bag @ ₹ 1,500per Qtl Rice 4 bags, 40 kg each bag @ ₹ 1,600 per bag Less :trade discount 5%,	10		4,500 6,400 ---------------- - 10900 545	10355
	Rajendra& Co Millet 2 bags, 80 kg each bag @800 per bag	20		1600 ----------------	1,600
	Ashok kirana Store Peanut Oil 1 tin @ ₹ 1,300 per Tin Less: Trade Discount 10%	16		1300 130	1,170
	Sales Return Account Dr.				13125

Ledger of Ganpatlal & Brothers
Pradeep Stores
Dr.   Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
				2017 Jan 7	By Sales Return A/c		10355

Rajendra & Company
Dr.   Cr.

Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
				2017 Jan 25	By Sales Return A/c		1600

<table>
<tr><td colspan="8"><div align="left">Dr.</div> <div align="center">**Ashok Kirana Store**</div> <div align="right">Cr.</div></td></tr>
<tr><th>Date</th><th>Particulars</th><th>J. F.</th><th>Amount ₹</th><th>Date</th><th>Particulars</th><th>J. F.</th><th>Amount ₹</th></tr>
<tr><td></td><td></td><td></td><td></td><td>2017 Jan 30</td><td>By Sales Return A/c</td><td></td><td>1170</td></tr>
</table>

<div align="left">Dr.</div> <div align="center">**Sales Return Account**</div> <div align="right">Cr.</div>

Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
2017 Jan 31	To Sundries as per Sales Return Book		13,125				

Posting in Ledger from Journal Proper:

Example 08:

Enter the following transactions in the Journal Proper of M/s Vishal & Co.(Narration is not required) and post them into ledger.

Feb. 16, 2016   Purchased furniture from Priyanka Furniture Mart ₹ 6,000.

Feb. 18 , 2016   Goods used for personal use ₹.500

Feb. 22, 2016   Goods given in charity ₹ 200, Goods distributed as free sample ₹.100

Feb. 28, 2016   Sold old computer to Deepesh Computers ₹ 8000

Solution :

<div align="center">**Journal Proper**</div>

Date	Particulars	L.F.	Amount Dr ₹	Amount Cr ₹
2017 Feb 16	Furniture A/c Dr To Priyanka Furniture Mart		6,000	6,000
Feb 18	Drawing A/c Dr To Purchase A/c		500	500
Feb 22	Charity A/c Dr Free samples A/c Dr To Purchase A/c		200 100	300
Feb 28	Dipesh Compluters Dr To Computer A/c		8,000	8,000
	Total		**14,800**	**14,800**

Ledger
Furniture Account

Dr.   Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2017 Feb 6	To Priyanka Furniture Mart		6,000				

Priyanka Furniture Mart

Dr.   Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
				2017 Feb 16	By Furnitures A/c		6,000

Drawings Account

Dr.   Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2017 Feb 18	To Purchase A/c		500				

Purchases Account

Dr.   Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
				2017 Feb 18	By Drawing A/c		500
				Feb 22	By Charity A/c		200
				Feb 22	By Free Sample A/c		100

Charity Account

Dr.   Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2017 Feb 22	To Purchase A/c		200				

Free Sample Account

Dr.   Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2017 Feb 22	To Purchase A/c		100				

Deepesh's Account

Dr.   Cr.

Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
2017 Feb 28	To Computer A/c		8,000				

Computer Account

Dr.   Cr.

Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
				2017 Feb 28	By Dipesh Computer		8,000

Example 09:

Enter the following transactions in the subsidiary books of M/s Vishal & Co and post them into ledger.

2017

02 Mar   Purchased goods from Vimla Kirana Bhandar, Invoise No 107

              20 kg Cashew @ ₹ 500 per kg. Trade discount 2%

08 Mar   Sold goods to Jignesh Dry-Fruits, Invoice No 205

              10 kg Almonds @ ₹ 800 per kg

              5 kg Walnuts @ ₹ 200 per kg

10 Mar   Purchased furniture from Harshita Furniture ₹ 2,000

12 Mar   Returned 2 kg Cashew to Vimla Kirana Bhandar, Debit Note No 10

15 Mar   Purchased goods from Jayesh ,Invoice No 57

              10 kg Raisions @ ₹ 300 per kg

              15 kg Almonds @ ₹ 700 per kg

17 Mar   Jignesh Dryfruits returned 2 kg Almonds and 1 kg walnuts

              Credit Note No 20

18 Mar   Returned to Jayesh 3 kg Raisions they sent credit Note 20

20 Mar   Sohan became insolvent and nothing could be received from him for

              A payment of ₹ 500

23 Mar   Sold goods to Amritlal, Invoice No 208

              10 kg Cashew @ ₹ 600 per kg, trade discount 2%

25 Mar   Withdraw goods for personal use ₹ 1000

27 Mar   Amritlal returned 2 kg Cashew and sent debit note no 18

30 Mar   Received a purchase order from Vinod for 3 kg Cashew @ ₹ 650

Solution :

Purchases Book of M/s Vishal & Brothers

Date	Particulars	In No	L.F.	Amount ₹	
				Details	Total
2017 Mar 02	**Vimla Kirana Bhandar** 20 kg Cashew @ ₹ 500 per kg. Less: Trade discount 2%	107		10,000 200	9,800
Mar 15	**Jayesh** 10 kg Raisions @ ₹ 300 per kg 15 kg Almonds @ ₹ 700 per kg	57		3,000 10,500	13,500
Mar 31	Purchases A/c Dr				23,300

Purchases Return Book of M/s Vishal & Brothers

Date	Particulars	Debit No	L.F.	Amount ₹	
				Details	Total
2017 Mar 12	**Vimla Kirana Bhandar** 02 kg Cashew @ ₹ 500 per kg. Less: Trade discount 2%	10		1,000 20	980
Mar 18	**Jayesh** 03 kg Raisions @ ₹ 300 per kg	20		900	900
Mar 31	Purchases Return A/c Cr				1,880

Sales Book of M/s Vishal & Brothers

Date	Particulars	Debit note	L.F.	Amount ₹	
				Detail	Total
2017 Mar 08	**Jignesh Dry-fruits** 10 kg Almonds @ ₹. 800 per kg 5 k Cashewnuts @ ₹ 200 per kg	205		8,000 1,000	9,000
Mar 23	**Amritlal** 10 kg Cashewnuts @ ₹ 600 per kg Less: 5% trade discount	208		6000 300	5,700
Mar 31	Sales A/c Cr				14,700

Sales Return Book of M/s Vishal & Brothers

Date	Particulars	Debit note	L.F.	Amount ₹	
				Details	Total
2017 Mar 08	**Jignesh Dryfruits** 02 kg Almonds @ ₹ 800 per kg 1 k Cashewnuts @ ₹ 200 per kg	20		1,600 200	1800
Mar 23	**Amritlal** 02 kg Cashewnuts @ ₹ 600 per kg Less: 5% trade discount			1200 60	1140
Mar 31	Sales Return A/c Dr				2,940

Journal Proper

Date	Particulars	L.F.	Amount Dr ₹	Amount Cr ₹
2017 Mar 10	Furnitures A/c Dr To Harshita Furniture (Being furniture purchased from Harshita Furniture)		2,000	2,000
Mar 20	Bad Debts A/c Dr To Sohan Lal (Sohanlal became insolvent and no amount received from him)		500	500
Mar 25	Drawings A/c Dr To Purchase A/c (Being goods taken away for Personal use)		1,000	1,000
	Total		3,500	3,500

Ledger of M/s Vishal & Brothers
Vimla Kirana Store Account

Dr.   Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2017 Mar 12	To Purchase Return A/c		980	2017 Mar 02	By Purchase A/c		9,800

Jayesh Account

Dr.   Cr.

Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
2017 Mar 18	To Purchase Return A/c		900	2017 Mar 15	By Purchase A/c		13,500

Purchases Account

Dr.   Cr.

Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
2017 Mar 31	To Sundries as per Purchase Book		23,500	2017 Mar 25	By Drawings A/c		1,000

Purchase Return Account

Dr.   Cr.

Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
				2017 Mar 31	By Sundries as per Purchase Return Book		1,880

Jignesh Dryfruits Account

Dr.   Cr.

Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
2017 Mar 08	To Sales A/c		9,000	2017 Mar 17	By Sales Return A/c		1,800

Amritlal Account

Dr.   Cr.

Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
2017 Mar 23	To Sales A/c		5700	2017 Mar 23	By Sales Return A/c		1,140

Sales Account

Dr.   Cr.

Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
				2017 Mar 31	By Sundries as per Sales Book		14,700

Sales Return Account

Dr.   Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2017 Mar 31	To Sundries as per Sales Return Book		2,940				

Furnitures Account

Dr.   Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2017 Mar 10	To Harshita Furniture		2,000				

Harshita Furniture

Dr.   Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
				2017 Mar 10	By Furniture A/c		2,000

Bad Debts Account

Dr.   Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2017 Mar 20	To Sohanlal		500				

Sohanlal

Dr.   Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2017 Mar.01	To balance b/d		500	2017 Mar 20	By Bad Debts A/c		500

Drawings Account

Dr.   Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2017 Mar 25	To Purchase A/c		1,000				

Balancing of Ledger Accounts:

In Primary Books of Accounts after posting in Ledger, Balance is calculated in all accounts at the end of specific period. For this following process is followed...

* Firstly do the total of Debit and Credit side of account.
* Then find out the difference between debit and credit side amounts.
* If debit amount is exceeding the credit amount, its called Debit Balance.
* If credit amount is exceeding the debit amount, its called Credit Balance.
* If both side are equal then balance is Zero.

Example 10: Find the balances of following accounts:-

Dr. **Cash Account** Cr.

Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
2016 Apr.01 Apr.01	To Capital A/c To Sales A/c		50,000 10,000	2016 Apr 05 Apr.20 Apr.28	By Purchase A/c By Rent A/c By Ramesh		20,000 1,000 4,500

Dr. **Capital Account** Cr.

Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
				2016 Apr.01	By Cash A/c		50,000

Dr. **Purchases Account** Cr.

Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
2016 Apr.05 Apr.24	To Cash A/c To Ramesh		20,000 6,000	2016 Apr 22	By Drawings A/c		1,500

Dr. **Sales Account** Cr.

Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
				2016 Apr 10 Apr 15	By Cash A/c By Dheeraj		10,000 4,000

Dr. **Dheeraj Account** Cr.

Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
2016 Apr 15	To Sales A/c		4,000	2016 Apr 18	By Sales Return A/c		1,000

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Rent Account

Dr.   Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2016 Apr 20	To Cash A/c		1,000				

Drawing Account

Dr.   Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2016 Apr 22	To Purchases A/c		1,500				

Sale Return Account

Dr.   Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2016 Apr 28	To Dheeraj		1,000				

Ramesh

Dr.   Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2016 Apr 18	To Cash A/c		4,500	2016 Apr 24	By Purchases A/c		6,000

Machinery Account

Dr.   Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2016 Apr 30	To Uma Machine Store		5,000				

Uma Machine Store Account

Dr.   Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2016 Apr 30 Apr 30	To Cash A/c To Discount A/c		4,800 200	2016 Apr 30	By Machinery A/c		5,000

Discount Account

Dr.   Cr.

Date	Particulars	J.F	Amount ₹	Date	Particulars	J.F.	Amount ₹
				2016 Apr 30	By Uma Machine Store		200

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Solution:

1. 1. **Cash Account:-** Total of Debit side ₹ 60,000 and Credit side ₹ 25,500. Here Debit Side is more than Credit Side ₹ 60,000-25,500=34,500. So it is called Debit Balance of Cash Account.

2. *Capital Account:-* Debit Side is no amount and Credit Side ₹ 50,000. Here Credit Side is more than Debit Side ₹ 50,000-0=50,000. So it is called Credit Balance of Capital Account.

3. **Purchase Account:-** Total of Debit Side ₹ 26,000 and Credit Side ₹ 1,500. Here Debit Side is more than Credit Side ₹ 26,000-1,500=24,500. So it is called Debit Balance of Purchase Account.

4. **Sales Account:-** Debit Side is no amount and Credit Side ₹ 14,000. Here Credit Side is more than Debit Side ₹ 14,000-0=14,000. So it called Credit Balance of Sales Account.

5. **Dheeraj's Account:-** Total of Debit Side ₹ 60,000 and Credit Side ₹ 25,500. Here Debit Side is more than Credit Side ₹ 60,000-25,500=34,500. So it is called Debit Balance of Deeraj's Account.

6. **Rent Account:-** The total of Debit Side is ₹ 1000 and no amount in Credit Side, so Debit Balance of Rent Account is ₹ 1,000.

7. **Drawings Account:-** The total of Debit Side is ₹ 1,500 and no amount in Credit Side, so Debit Balance of Rent Account is ₹ 1,500.

8. **Sales Return Account:-** The total of Debit Side is ₹ 1000 and no amount in Credit Side ,so Debit Balance of Sales Return Account is ₹ 1,000.

9 **Ramesh's Account:-** Total of Debit Side is ₹ 4,500 and Credit Side is ₹ 6,000. Here Credit Side is more than Debit Side ₹ 6,000-4,500=1,500. So it is called Credit Balance of Ramesh's Account.

10. **Machinery Account:-** The total of Debit Side is ₹ 5,000 and no amount in Credit Side so Debit Balance of Machinery Account is ₹ 5,000.

11. **Uma Machinery Mart:-** In this account, both Debit and Credit Side are equal ₹ 5,000. So balance is zero.

12 **Discount Account:-** There is no amount in Debit Side and total of Credit Side is ₹ 200. So Credit Balance of this Account is ₹ 200.

Journal Entries from Account and Identification of Transactions:-

If there are some accounts in question and asked for Journal Entries than following process is to be adopted :

- All Journal Entries should be date wise.

- If there is any entry in Debit side than the account will be debited and the posting entry will be credited.

- If there is any entry in Credit side than the account will be Credited and the posting entry will be debited.

- After doing Journal Entry, have to write narration according to Dual Entry System

Example: 11 With the help of accounts given in Illustration 10 make Journal Entries and write narrations by identifying transactions:

Journal

Date	Particulars		L.F.	Amount Dr	Amount Cr
2016 Apr 01	Cash A/c	Dr		50,000	
	To Capital A/c				50,000
	(Being business started with Cash)				
Apr 05	Purchases A/c	Dr		20,000	
	To Cash A/c				20,000
	(Being goods purchase with cash)				
Apr 10	Cash A/c	Dr		10,000	
	To Sales A/c				10,000
	(Being goods sold with cash)				
Apr 15	Dheeraj	Dr		4,000	
	To Sales A/c				4,000
	(Being goods sold to Deeraj)				
Apr 18	Sales returns A/c	Dr		1,000	
	To Dheeraj				1,000
	(Being goods returned to Dheeraj)				
Apr 20	Rent A/c	Dr		1,000	
	To Cash A/c				1,000
	(Being rent paid)				
Apr 22	Drawings A/c	Dr		1,500	
	To Purchases A/c				1,500
	(Being goods taken away for personal use)				
Apr 24	Purchases A/c	Dr		6,000	
	To Ramesh				6,000
	(Being goods purchased from Ramesh)				
Apr 28	Ramesh	Dr		4,500	
	To Cash A/c				4,500
	(Being amount paid to Ramesh)				
Apr 30	Machinery A/c	Dr		5,000	
	To Uma Machinery Mart				5,000
	(Being machinery purchased from Uma Machinery Mart)				
Apr 30	Uma Machinery Mart	Dr		5,000	
	To Cash A/c				4,800
	To Discount A/c				200
	(Being amount paid to Uma				

Summary

- The second step of Dual Accounting System is 'Classification and Posting'.

- Ledger:- In this all ,transactions are classified in their related accounts and posted according to concepts. Ledger is the main book of Accountancy. Transactions are finally written in the ledger, so it is also called final entry book of accounts.

- Ledger is very important for business. With the help of this, we can get any information regarding transactions of related accounts date wise. It helps to make Trail Balance and Final Accounts also.

- There are two sides in Ledger one side is Debit and other is credit side. Both sides have four columns : Date, Particulars, Journal Folio and Amount.

- Posting: With the help of primary books of accounts ,opening of accounts in Ledger and doing entry in right side in a specific manner ,is called Posting.

- **Process of posting:**

Posting from Journal- In Journal the account which is debited, in posting ,name of that account will be debited and in Journal the account which is credit in posting, name of that account will be credited.

Posting from Purchase Book- The total of Purchase Book is written in debit side of Purchase Account as ' To Sundries as per Purchase Book' and total amount in amount column. In Creditors Accounts it is written as 'By Purchase A/c' and put the amount.

Posting from Purchase Return Book - The total of this book is written in credit side of Purchase return account as 'By Sundries as per Purchase Return Book' and total amount in amount column. In Creditors Accounts ,it is written as ' To Purchase Return A/c' and put the amount.

Posting from Sales Book - The total of this book is written in credit side of Sales account as 'By Sundries as per Sales Book' and total amount in amount column. In Debtors Accounts it is written as ' To Sales A/c' and put the amount. If there is any Expenses A/c, VAT A/c and/or Donation A/c are also to be made then write 'By Sundries as per sales Book' in these accounts and put the total amount.

Posting from Sales Return Book- The total of Sales Return Book is written in debit side of Sales Return Account as ' To Sundries as per Sales Return Book' and total amount in amount column. In Debtors Accounts it is written as 'By Sales Return A/c' and put the amount.

Posting from Journal Proper is same as posting from Journal.

Balancing of Accounts - To find-out the balances of accounts , do totalling in both sides of accounts and take out the difference between them. The difference is called balance. If debit side is more than credit side then it is called Debit Balance. If Credit side is more then Debit side then it is called Credit Balance. If both sides are equal then balance will be Zero.

Main Terminology used:

- Ledger, Posting, Balancing, Account Closing

Questions for Practise

Multiple Choice Questions

1) Ledger is prepared with the help of ?

a) Cash Book

b) Purchase Book and Sales Book only

c) Journal

d) Primary Accounting Books

2) Sold goods to Divya ₹ 5,000. Post this entry.

   a) Divya A/c Cr, Sales A/c Dr

   b) Divya A/c Dr, Sales A/c Cr

   c) Cash A/c Dr, Sales A/c Cr

   d) Cash A/c Cr, Sales A/c Dr

3) Proprietor withdrewn goods from business for personal use ₹ 800. How it will be posted in Drawings Account.

a)

Drawings Account

Dr   Cr

Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
	To Purchase sA/c		800				

b)

Drawings Account

Dr   Cr

Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
	To Cash A/c		800				

c)

Drawings Account

Dr   Cr

Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
					By Purchase A/c		800

d)

Drawings Account

Dr   Cr

Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
					By Cash A/c		800

4) How posting will be in Dilip's Accounts from this entery?

      Dilip's A/c   Dr   1,000

           To cash A/c   900

           To Discount A/c   100

     (Being amount paid to Dilip & discount received)

a)

Dilip's Account

Dr   Cr

Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
	To Cash A/c To Discount A/c		900 100				

b)

Dilip's Account

Dr   Cr

Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
					By Cash A/c By Discount A/c		900 100

c)

Dilip's Account

Dr   Cr

Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
	To Cash A/c		900				

d)

Dilip's Account

Dr   Cr

Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
	To Cash A/c		900		By Discount A/c		100

5) Classification and collection of Accounts is done in...

    a)   In Final Accounts

    b)   In Ledger

    c)   In Trail Balance

    d)   In Journal

6) The total of Debit side of Gagan's Account is ₹ 15,000 and Credit side is ₹ 18,000. What is the balance of Gagan's Account.

        a)   Debit balance ₹ 3,000

        b)   Debit balance ₹ 15,000

c) Debit balance ₹ 18,000
d) Credit balance ₹ 3,000

Very Short Answer type Questions

- What is the meaning of Ledger? In which stage of Accounting is it prepared?
  : Make Journal Entries from following T-Accounts
    Computers Account: Srishti by Computer : ₹. 20000
    To Srishti ₹. 20000.

- Fill in the blanks of following entry.
   Vega Ram's A/c   Dr   4,000
         To ....A/c   4,000
              (Goods sold to Vega Ram)

- What do you mean by Posting?

- Prepare Cash Account from following journal entry.
        Cash A/c   Dr   1,200
        Bad debts A/c   Dr   1,800
             To Prakash   3,000

- Describe any two uses of Ledger?

- What is the full form and meaning of L.F. and J.F.?

- From the following information, calculate Balance of Accounts and its amount?
    a) Cash Account—total of Dr 44,000 and Cr ₹ 14,000
    b) Aishvrya-- total of Dr 18,000 and Cr ₹ 18,000
    c) Commission Account-- total of Dr 0 and Cr ₹ 600

- 9 (A) what is the balance of Garima Machinery A/c and its amount?

Dr   **Garima Machinery**   Cr

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2016 Nov 22	To Sales A/c		6,000	2016 Nov 25	By Sales return A/c		1,500
				Nov 27	By Cash A/c		3,400
				Nov 27	By discount A/c		100

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B) With the help of above, prepare Discount A/c.

- Total of Purchase Book on 31/03/2017 is 15,600. Prepare Purchase account and posted in ledger.

- Total of Sales Book's Expense Column and VAT Column is ₹ 350 and ₹ 600 respectively. Prepare Expense Account and VAT Account and posted them in ledger.

- Why Ledger is called Principal book and final entry book of Accounting.

- Sold goods to Mahaveer ₹ 3,000 and to Sunil ₹ 2,000 and entered into Sales Book. From this information prepare Mahaveer's and Sunil's Account.

- X' became insolvent and received 30% from the amount of ₹ 8,000. Do posting this in 'X' Account.

Short Answer type Questions

- Make the format of Ledger and describe its column.

- Describe the process to find-out the Balance of Accounts.

- Prepare Cash Account in Ledger and post any four imaginary entries.

- Make Journal entries from following Cash Accounts.

Cash Account

Dr.   Cr.

Date	Particulars	J. F.	Amount₹	Date	Particulars	J. F.	Amount₹
2016 Apr 01 Apr 10	To Capital A/c To Sales A/c		10,000 3,000	2016 Apr 5 Apr 30	By Purchase A/c By Drawing A/c		2,500 1,000

- 2015, Oct 08, goods sold in cash to Bhanwarlal ₹ 3,500 and to Pratapram on credit ₹ 2,000. Do the compound Journal Entry and prepare Sales Account.

- According to question no 04 prepare necessary accounts and post them.

- On the base of question 09 (very short answered question) do Journal Entries and prepare Sales Account and Sales return Account.

- Do any Journal Entries and post them into Ledger.

- Prepare Cash Book of Sharad Rhitu Furniture House and post them in-to Ledger.

2016

Nov 07   purchased goods from Aishvrya Furniture. Invoice No 150

100 chairs ₹ 300 per chair, trade discount 10%

Freight ₹ 10 per chair, packaging charges ₹ 200

Nov 23   purchased goods from Srashti Furniture. Invoice no 255

       5 Sofa Set ₹ 5,000 per set

       50 table ₹ 150 per table   (Ans: ₹ 60,000)

- Write the transactions in Sales Book of Hardik Light Decoration and post them in-to ledger.

2017

Feb 10   Sold goods to Mohan Electricals. Invoice no 144

       50 Bajaj Tube light sets ₹ 250 per set

       15 Table lamp sets ₹ 150 per set

Feb 18   Sold goods to Vanilla Lights. Invoice no 168

       80 Surya Bulbs ₹ 10 per bulb

       15 decoration light set ₹ 75 per set, trading discount 5%   (Ans: ₹ 16579)

- With the help of question 09 prepare Purchase Return Book with following transactions.

2016

Nov 10   5 chairs returned to Aishvrya Furniture due to defect. Debit Note 16

Nov 26   5 tables returned to Srashti Furniture. Debit note 17

          (Ans: ₹1,950)

- With the help of question 10 prepare Sales Return Book with following transactions.

2017

Feb 12   5 tube lights sets and 2 table lamps sets returned from Mohan Electrical. Credit Note 66

Feb 20   10 Surya Bulbs returned from Vanilla Lights. Credit Note 67

          (Ans: ₹ 1,645)

- Make the Journal Proper from following transactions and post them into Ledger.

2017

Mar 12   Proprietor withdrawn goods for his son's wedding ₹ 1,200.

Mar 20   Loss by fire ₹ 800. Insurance Company accepted the claim ₹ 500.

Essay type Questions

- Describe the process of posting in-to Ledger.
- Prepare Purchase Book and Purchase Return Book with any two imaginary transactions and posted the in-to Ledger.
- What do you mean by Balancing of ledger accounts ? Describe the process with example that how to find-out balance of an account.

Numerical Questions

- Enter the following transactions in-to the Journal of Lokesh & Co and post them into ledger.

2017

Jan 01   Started business with cash ₹ 35,000, Stock ₹ 15,000.

Jan 04   Purchased goods ₹ 16,000, trade discount received ₹ 500

Jan 08   sold goods to Narottam ₹ 4,000. Cash received ₹ 1600

Jan 15   Purchased furniture ₹ 1,200

Jan 20   Returned goods by Narottam ₹ 400

Jan 25   Goods given for charity ₹ 100

Jan 28   Received ₹ 1,950 in full settlement from Narottam.

Jan 30   Withdraw for household expenses ₹ 2,500

- Provide accounting entries in Journal of Bhagwandas and post them into Ledger.

2017

Apr 01   Started business- cash ₹ 50,000, Stock ₹ 20,000, Furniture ₹ 5,000, Bank loan ₹10,000(included in cash)

Apr 05   Opened a current account in State bank of India ₹ 15,000.

Apr 08   Bought goods from Iqbal ₹ 3,000, trade discount 10%, cash paid ₹ 1,700.

Apr 13   Sold goods to Dinesh ₹ 8,000. Half amount was received at 5% cash discount

Apr 18   Paid to Iqbal in full settlement ₹ 1,900.

Apr 20   Cash ₹1,000 was stolen from the safe of trader.

Apr 23   Dinesh became insolvent, received from him owned him, goods ₹ 2,000 and cash ₹500.

Apr 25   Goods given for charity ₹100.

Apr 27   Purchased laptop from Ashok Computers ₹ 25,000 and cash paid ₹ 10,000.

Apr 28   Insured goods loss by fire and Insurance Co accepted full claim ₹ 1,500

Apr 30   Paid expenses- Salaries ₹ 1,200. Miscellaneous expenses ₹200.

Apr 30   Bad debts recovered from Dinesh ₹ 1,000.

- Prepare Purchases book and Purchases return book of Vandana Book Store ,from the following transactions and post them into Ledger.

2017

Mar 03   Purchased Goods from Chhaya Pustak Bhandar , Invoice No 76

          60 copies of Accountancy class XI ₹ 50 per book

          40 copies of Economics class XI ₹ 45 per book

          Trade discount 5%

Mar 15   Purchased goods from Purnima Book Depo, invoice No 802

          30 copies of Business management class XII ₹ 55 per book

          25 copies of History class XII ₹ 40 per book.

          Packing & Freight ₹300.

Mar 17   Returned to Chhaya Pustak Bhandar , 5 copies of Accountancy
4 copies of Economics. Debit Note No 21

Mar 24   Returned to Purnima Book depo- 6 copies of Business Management
which were damaged. Debit Note No 22

* Enter the following transaction in sales book and sales return book of Prateek Vastra Bhandar and post them into ledger.

2016

Oct 11   Goods sold to Yash Readymade Garment, Invoice no. 102
20 Shirts @ ₹ 700 per Shirt
15 Pants @ ₹ 900 per Pant

Oct 15   Goods sold to Daisy Collection, Invoice no. 110
18 Bala Suits@ ₹ 250 per Suit
12 Girls Top@ ₹ 300 per Top

Oct 18   Yash Readymade Garments returned 2 shirts and 3 pants, credit note no. 190

Oct 27   Received 3 Girls Tops from Daisy Collection, credit note no. 25

* Enter the following transactions into proper subsidiary books of Sagar and Sons and post them into ledger:

2016

Aug 08   Purchased goods from Narayan Brothers, Invoice no. 223, 10 Orient Ceiling fans 42"
@ ₹1100 per fan, trade discount 5%

Aug 12   Sold goods to Manju Shree Electronics, Invoice no. 152
6 Bajaj table fans @ ₹ 900 per fan
4 Electric Irons @ ₹500 per Iron
Freight ₹ 200, VAT 10%.

Aug 14   Returned to Narayan Brothers, 2 Orient Ceiling fans, Debit note no. 50

Aug 18   Return 1 Bajaj Table Fan and 1 Electric Iron by Manju Shree Electronics,
Credit note no. 10.

Aug 22   Sold office printers to Hans Raj due to breakdown@₹1,000

Aug 23   Brought goods from Ganesh Electronics, Invoice no. 120.
5 LED T.V. Sony 32"@ ₹25000 per T.V. Trade discount 10%.

Aug 25   Sold goods to Vairety Enterprises, Invoice no 160.
8 Bajaj Geaser @ ₹1,200 per Geaser
Packing and Frieght @₹150 per Geaser and 5 % VAT charged.

Aug 26   1 Ceiling fan of ₹1,100 was used at home by trader.

Aug 28   Returned 2 LED T.V. to Ganesh Electronics due to wrong size, Debit note no. 11

Aug 30   Variety Enterprises return 3 Geasers, Debit note no. 174.

Aug 31   Gifted 1 table fan to Aadarsh Vidyalaya Ramganj @ ₹ 900.

•   Enter the following transactions into proper subsidiary books of Nutan Kirana Store. Post them into Ledger and find out the balances.

Apr 04   Goods sold on credit to Agnesh ₹ 5,000, allowed 2% trade discount.

Apr 07   Bought goods from Rajesh ₹ 2,500.

Apr 09   Vinod became insolvent, received ₹ 800 only from him out of ₹ 2,000

Apr 12   Goods return by Agnesh ₹ 1,000

Apr 15   Goods lost by fire ₹ 500

Apr 18   Goods returned to Rajesh ₹ 600

Apr 23   Goods sold to Ram Prakash ₹ 4,000

Apr 25   Old machine sold to Hemlata Traders ₹ 1,500

Apr 27   Goods returned by Ram Prakash ₹ 800

Apr 28   Goods Returned to Hiralal ₹1,500

Apr 30   Goods used by trader in marriage of his daughter ₹ 2,000
         and goods ₹ 800 distributed as free samples.

Answers of Multiple Choice Questions

1)   D   2) B   3)A   4)A   5)B   6)D