

LEDGER

MEANING OF A LEDGER

The term ledger is derived from the Dutch word “Legger”, which means to lie. Ledger, therefore, means a book where the various accounts lie (kept). It is a book where transactions of similar nature are grouped together in one place, in the form of account. Therefore ledger can be defined as “a group of accounts”.

NEED FOR LEDGER

As stated earlier, transactions are recorded in the journal the order of date. As transactions of similar nature are found on different pages of the journal, one can't know easily from the journal, the net effect of similar transactions, on any particular date. To know easily the net effect of the business transactions on any particular date, it becomes necessary to maintain the ledger.

MAIN FEATURES OF A LEDGER

The main features of a ledger are:

- 1) It is a secondary record, as entries in the ledger are from the journal.
- 2) It is a book of final entry. All the business transactions are first recorded in the journal and finally, entered in the ledger account.
- 3) Ledger is the principal book of accounts because the net result of business transaction is ascertained with the help of ledger accounts.

Form of a Ledger Account

Name of Account

Dr

Cr

Date	Particulars	J F	Amount	Date	Particulars	J F	Amount

Ledger is divided into two sides having equal space. Mainly (1) debit side (i.e left hand side) (2) credit side (i.e right hand side).

1. Date Column: It is meant for recording the date of the transaction.
2. Particular Column: It is meant for recording the name of the account debited or credited.
3. J.F. or Journal Folio Column: It is meant for recording the page number of the Journal from where the transaction is posted.
4. Dr. Side amount column and cr. Side amount column is used to record the amount of A/c debited and credited.

Process of Posting Journal Entries into Ledger

Points to be noted while posting entries into the ledger

- 1) Open a separate account for each account found in journal.
- 2) While posting to the debit side of the account ,the name of the account which is credited in the journal should be written with the beginning of the word "TO"
- 3) While posting to the credit side of an account, the name of the account which is debited in the journal should be written in the beginning of the word " BY"
- 4) Mention the date on the debit side of ledger and credit side as per the journal.

Illustration:

From the following particulars, pass the necessary journal entries and prepare the necessary ledger account.

2012

- Jan 1 Mr Anand started business with cash Rs. 2,20,000
- Jan 3 Purchased goods for cash Rs. 10,000
- Jan 5 Paid for wages Rs.200
- Jan 9 Sold goods to Mr. Shankar worth Rs. 3000
- Jan 12 Received for commission Rs. 500

Jan 15 Bought goods from Mr. Paul worth Rs. 25000 @ 2% T.D.
 Jan 20 Paid to Mr. Paul Rs. 18000
 Jan 22 Received from Shankar Rs. 2000
 Jan 25 Bought furniture for office use Rs. 15000
 Jan 28 Sold goods to Shankar worth Rs. 10,000 and received Rs. 4000
 Jan 30 Bought goods from MR. Paul worth Rs.12000 and paid Rs. 2000

Journal of Mr. Anand

Date	Particulars	Lf	Debit	credit
2012				
Jan 1	Cash A/c -----Dr. To capital A/c (Being started business with cash)		2,20,000	2,20,000
Jan 3	Purchases A/c-----Dr. To cash A/c (Being bought goods for cash)		10,000	10,000
Jan 5	Wages A/c-----Dr To cash A/c (Being paid for wages)		200	200
Jan 9	Shankar`s A/c ----Dr To sales A/c (Being sold goods on credit)		3000	3000
Jan 12	Cash A/c -----Dr To commission A/c (Being rec. for commission)		500	500
Jan 15	Purchases A/c -----Dr. To Mr. Paul`s A/c (Being bought goods on credit)		24500	24500
Jan 20	Paul`s A/c-----Dr To cash A/c (Being paid to Mr. Paul)		18000	18000
Jan 22	Cash A/c -----Dr To Shankar`s A/c (Being rec. cash from Mr. Shankar)		2000	2000

Jan 25	Furniture A/c-----Dr	15000	
	To cash A/c		15000
	(Being bought furniture for cash)		
Jan 28	Cash A/c----- Dr	4000	
	Shankar`s A/c-----Dr	6000	
	To sales A/c		10,000
	(Being sold goods for cash and on credit)		
Jan 30	Purchase`s A/c-----Dr	12000	
	To Cash A/c		2000
	To Paul`s A/c		10000
	(Being bought goods for cash and on credit)		

Cash Account

Dr

Cr

Date	Particulars	J F	Amount	Date	Particulars	J F	Amount
2012							
Jan 1	To Capital A/c		220000	Jan 1	By Purchase A/c		10000
Jan 12	To Commission A/c		500	Jan 5	By Wages		200
Jan 22	To Shankar`s A/c		2000	Jan 20	By Paul`s A/c		18000
Jan 28	To Sales A/c		6000	Jan 25	By Furniture A/c		15000
				Jan 30	By Purchases A/c		2000

Capital Account

Dr

Cr

Date	Particulars	JF	Amount	Date	Particulars	JF	Amount
				2012			
				Jan 1	By Cash A/c		220000

Purchases A/c

Dr**Cr**

Date	Particulars	JF	Amount	Date	Particulars	JF	Amount
2012							
Jan 3	To Cash A/c		10000				
Jan 15	To Paul's A/c		24500				
Jan 30	To Cash A/c		2000				
	To Paul's A/c		10000				

Wages A/c**Dr****Cr**

Date	Particulars	JF	Amount	Date	Particulars	JF	Amount
2012							
Jan 5	To Cash A/c		200				

Shankar's A/c**Dr****Cr**

Date	Particulars	JF	Amount	Date	Particulars	JF	Amount
2012				2012			
Jan 9	To Sales A/c		3000	Jan 22	By Cash A/c		2000
Jan 28	To Sales A/c		6000				

Dr**Sales A/c****Cr**

Date	Particulars	JF	Amount	Date	Particulars	JF	Amount
				2012	By Shankar's		3000
				Jan 9	A/c		4000
				Jan 28	By Cash A/c		6000
					By Shankar's		
					A/c		

Commission A/c

Dr

Cr

Date	Particulars	JF	Amount	Date	Particulars	JF	Amount
				2012 Jan 12	By Cash A/c		500

Paul's A/c

Dr

Cr

Date	Particulars	JF	Amount	Date	Particulars	JF	Amount
2012 Jan 20	To Cash A/c		18000	2012 Jan 15 Jan 28	By Purchases A/c By Purchases A/c		24500 10000

Furniture A/c

Dr

Cr

Date	Particulars	JF	Amount	Date	Particulars	JF	Amount
2012 Jan 25	To Cash A/c		15000				

BALANCING OF LEDGER

Balancing of a ledger is nothing but the process ascertaining the balance of that account. (i.e. the difference between the two sides)

PROCESS OF BALANCING A LEDGER ACCOUNT

1. First, each of the two sides of the account is totaled up roughly on a separate sheet of paper.
2. If the debit sides of total are more, write the same amount on both the sides. Find out the difference of the credit side and write the same diff. on the credit side with the last date of the month along with the word "By balance c/d " (in particular column)
3. If the credit sides total is more, write the same amount on the debit side . Find out the difference on the debit side and write the same diff. on the debit side with the last date along with the word " To balance c/d" (in particular column)
4. At the beginning of the next month, the balance is written on opposite side with the word" By balance b/d (brought down) or to bal. b/d.

Illustration:-

Enter the following transactions in the journal and post them to the respective ledger accounts and balance the accounts.

2012

Jan 1 Balance of cash in hand Rs.180000 with bank balance Rs 20000, furniture Rs. 25000, capital bal.Rs225000.

Jan 2 Bought goods from Anish worth Rs 15000

Jan 5 Cash sales Rs. 7000

Jan 8 Paid for off. Salary Rs.10000 by cheque

Jan 10 Paid to Anish on account Rs6000

Jan15 Paid for life insurance premium Rs. 2000

Jan 18 Received Dividend Rs 1500

Jan 20 Sold goods to Mr. Umesh Rs 4000

Jan 25 Received from Mr Umesh Rs.2500

Journal

Date	Particulars	Lf	Debit	Credit
2012				
Jan 2	Purchases A/c-----Dr To Mr. Anish`s A/c (Being bought goods in credit)		15000	15000
Jan 5	Cash A/c-----Dr To sales A/c (Being received for sales)		7000	7000
Jan 8	Off. Salary A/c-----Dr To bank A/c (Being paid for salary by cheque)		10000	10000
Jan 10	Mr. Amish's A/c To cash A/c (Being paid to Anish on account)		6000	6000
Jan 15	Drawings A/c-----Dr To cash A/c (Being paid life insurance premium)		2000	2000
Jan 18	Cash A/c-----Dr To Dividend A/c (Being received for Divident)		1500	1500
Jan 20	Umesh A/c-----Dr To sales A/c (Being sold goods on credit)		4000	4000
Jan 25	Cash A/c -----Dr To umesh`s A/c (Being received from umesh)		2500	2500
	Total		48000	48000

LEDGER

Dr Cash Account Cr

Date	Particulars	JF	Amt	Date	Particulars	JF	Amt
2012				2012			
Jan 1	To balance b/d		180000	Jan 10	By Anish`s A/c		6000
Jan 5	To sales A/c		7000	Jan 15	By Drawings A/C		2000
Jan 18	To Dividend A/c		1500	Jan 31	By Balance c/d		183000
Jan 25	To umesh`s A/c		2500				
			191000				191000
Feb 1	To bal b/d		183000				

Dr BANK ACCOUNT Cr.

Date	Particulars	JF	Amount	Date	Particulars	JF	Amount
2012				2012			
Jan 1	To bal b/d		20000	Jan 8	By salary A/c		10000
				Jan3	By bal c/d		10000
Feb 1	To bal b/d		20000	1			20000
			10000				

Dr Furniture Account Cr

Date	Particulars	JF	Amount	Date	Particulars	JF	Amount
2012				2012			
Jan 1	To bal b/d		25000	Jan 31	By bal c/d		25000
			25000				25000
Feb 1	To bal b/d		25000				

Dr		Capital Account				Cr	
Date	Particulars	J F	Amount	Date	Particulars	J F	Amount
2012 Jan 31	To bal c/d		225000	2012 Jan 1	By bal b/d		225000
			225000				225000
				Feb 1	By bal b/d		225000

Dr		Purchases Account				Cr	
Date	Particulars	J F	Amount	Date	Particulars	J F	Amount
2012 Jan 2	To Anish`s A/c		15000	2012 Jan 31	By balance c/d		15000
			15000				15000
Feb 1	To bal b/d		15000				

Dr		Anish`s A/c				Cr	
Date	Particulars	J F	Amount	Date	Particulars	J F	Amount
2012 Jan 10	To cash A/c		6000	2012 Jan 1	By Purchases A/c		15000
Jan 31	To bal c/d		9000				15000
			15000				15000
				Feb 1	By bal b/d		9000

Dr		Sales A/c				Cr	
Date	Particulars	J F	Amount	Date	Particulars	J F	Amount
2012 Jan 31	To bal c/d		11000	2012 Jan 5	By cash A/c		7000
			11000	Jan 20	By Umesh A/c		4000
							11000
				Feb 1	By bal b/d		11000

Dr Salary A/c Cr

Date	Particulars	JF	Amount	Date	Particulars	JF	Amount
2012 Jan 8	To cash A/c		10000	2012 Jan 31	By bal c/d		10000
			10000				10000
Feb 1	To bal b/d		10000				

Dr Drawings A/c Cr

Date	Particulars	JF	Amount	Date	Particulars	JF	Amount
2012 Jan 15	To cash A/c		2000	2012 Jan 31	By bal c/d		2000
			2000				2000
Feb 1	To bal b/d		2000				

Dr Dividend A/c Cr

Date	Particulars	JF	Amount	Date	Particulars	JF	Amount
2012 Jan 31	To cash A/c		1500	2012 Jan 18	By cash A/c		1500
			1500				1500
				Feb 1	By bal b/d		1500

Dr Umesh`s A/c Cr

Date	Particulars	JF	Amount	Date	Particulars	JF	Amount
2012 Jan 20	To sales A/c		4000	2012 Jan 25	By cash A/c		2500
				Jan 31	By bal c/d		1500
			4000				4000
Feb 1	To bal b/d		1500				

CASH BOOK

INTRODUCTION:

In every business, there will be large number of cash transactions. Hence it is necessary to maintain a separate cash book for recording all cash transactions, (i.e. receipts and payment of cash). Cash book is one of the subsidiary books.

NATURE OF CASH BOOK

All cash transactions are first recorded in the cash book. Therefore cash book is a book of prime or original entry, which is in addition to journal. Cash book itself serves as cash account and bank account, and no separate cash account and bank account are opened in the ledger. Therefore cash book is not only a book of original entry but also a book of final entry.

OBJECTS OF CASH BOOK

- 1) To find out the total cash receipts and cash payments during any given period.
- 2) To find out balance of cash in hand and at bank at any time.
- 3) To verify the correctness of cash in hand and cash at bank.

TYPES OF CASH BOOK

Different types of cash books are used different concerns as per their need.

Following are the important types of cash book.

- 1) Simple cash book , single column cash book (with only cash column)
- 2) Double column cash book, or two column cash book or cash book with discount and cash columns or discount and bank columns.
- 3) Triple column cash book having discount, cash and bank columns.
- 4) Petty cash book

Though there are different types of cash book, we will study only the simple cash book.

A simple cash book, single column cash book with cash column only is as follows:

Dr					Cr				
Cash book									
Date	Particulars (receipts)	R No	L F	Amount	Date	Particulars (payments)	V No	L F	Amount

FEATURES OF SIMPLE CASH BOOK

The simple cash book is divided into two sides.

- 1) Left hand side or debit side or receipt side.
- 2) Right hand side or credit side or payments

➤ **Receipt Side or Debit Side:** - This side is meant for recording cash received. The following are the different columns on debit side.

- a) Date column of the debit side used to record the date on which cash received.
- b) Particular column- this column is meant for recording name of the person from whom cash received or for what cash received.
- c) Receipt number (R.No.)- This column meant for recording serial number of the receipt. Receipt is issued at the time of receiving cash. Receipts is the basis of recording receipt side of cash book.
- d) Ledger folio (L.F) – This column is meant for recording the page number of the ledger to which a particular entry from cash book is posted.
- e) Amount column is meant for recording the amount of cash received.

➤ **Payment side or credit side**

This side is meant for recording payment of cash. The following are different columns on credit side.

- a) Date column of the credit side is used to record the date on which cash is paid.

b) Particular column: - This column is meant for recording the name of the person to whom cash is paid or for what cash is paid.

c) Voucher number (v. No.):-

The receipt obtained for the payment of cash is called voucher. The vouchers are serially numbered. This column is meant for recording the serial number of the voucher. Voucher is the basis of cash book.

d) Ledger folio (L.F) – This is meant for recording the page number of the ledger to which

a particular entry from the cash book is posted.

e) The amount column is meant for recording the amount of cash paid.

POSTING FROM CASH BOOK

Only one aspect of cash transactions is recorded in the Cash book (i.e. either debit aspect or credit aspect). Therefore the double entry of the cash book is incomplete. To complete the double entry of cash transactions, all the items appeared in the cash book should be posted to the respective accounts.

The following points to be noted while posting items from the cash book.

1. All the items (except the opening cash balance) appeared on the debit side of the cash book have to be posted to the credit side of the respective ledger accounts as “By cash Account”.
2. All the items (except the closing cash balance) appeared on the credit side of the cash book have to be posted to the debit side of the respective ledger accounts as “To Cash Account”.

Illustrations:

Enter the following transactions of Mr. Shahu in simple cash book and post them to the ledger

2012

April 1	Started business with cash Rs. 1, 10,000
April 2	Purchased goods from Mr. Suhas for Rs. 10,000
April 3	Sold goods for cash Rs. 3,000

April 5 Received commission Rs. 200
 April 8 Paid for wages Rs. 100
 April 15 Deposited cash in the bank Rs.40, 000
 April 20 Paid for office Salaries Rs. 5,000
 April 22 Withdraw cash for Personal use Rs. 1,000
 April 25 Bought office furniture Rs. 12,000
 April 28 Purchased goods from Mr.Rohit worth Rs. 20,000 on credit
 April 29 Paid to Mr. Rohit Rs. 8,000
 April 29 Received for Sales Rs. 11,000
 April 30 Received from Mukesh Rs. 4,000
 Solution:

Receipts

Payments

Dr Cash Book Cr

Date	Particulars	R No	L F	Amount	Date	Particulars	Vo No	L F	Amount
2012 Ap 1	To Capital A/c (Being amount brought in as capital)			1,10,000	201 2 Ap 2	By Purchases A/c (Being paid for purchases)			10,000
Ap 3	To sales A/c (Being received for sales)			3,000	Ap 8	By Wages A/c (Being paid for wages)			100
Ap 5	To Commission A/c (Being received for commission)			200	Ap 15	By Bank A/c (Being deposited cash in the bank)			40,000
Ap 29	To sales A/c (Being received for sales)			11,000	Ap 20	By Office Salaries A/c (Being paid for office salaries)			1,000
Ap 30	To Mr. Mukesh A/c (Being received from Mr. Mukesh)			4,000	Ap 22	By Drawings A/c (Being withdrawn cash for Personal use)			5,000
					Ap 25	By Office Furniture A/c			8,000

						(Being paid for office furniture) By Mr. Rohit's A/c			62,100
					Ap 29	(Being paid to Mr. Rohit)			<u>1,32,200</u>
						By balance c/d			0
Mar 1	To Balance b/d			<u>1,32,200</u>	Ap 30				
				62,100					

Ledger
Capital
Account

Dr				Cr			
Date	Particulars	JF	Amt	Date	Particulars	JF	Amt
				2012			
				Ap 1	By Cash A/c		1,10,000

Sales
A/c

Dr				Cr			
Date	Particulars	JF	Amt	Date	Particulars	JF	Amt
				2012			
				Ap 3	By Cash A/c		3,000
				Ap 29	By Cash A/c		1,000

Commi
ssion
A/c

Dr				Cr			
Date	Partic ulars	JF	Amt	Date	Partic ulars	JF	Amt
				2012			
				Ap 5	By Cash A/c		200

Mukesh
's A/c

Dr				Cr			
Date	Partic ulars	JF	Amt	Date	Partic ulars	JF	Amt
				2012			
				Ap 30	By Cash A/c		200

Dr

Cr

Purchas
e A/c

Date	Partic ulars	JF	Amt	Date	Partic ulars	JF	Amt
2012							
Ap 2	To Cash A/c		10,000				

Wages
A/c

Dr

Cr

Date	Partic ulars	JF	Amt	Date	Partic ulars	JF	Amt
2012							
Ap 8	To Cash A/c		100				

Bank
A/c

Dr

Cr

Date	Partic ulars	JF	Amt	Date	Partic ulars	JF	Amt
2012							
Ap 15	To Cash A/c		40,000				

Office
Salaries
A/c

Dr				Cr			
Date	Particulars	JF	Amt	Date	Particulars	JF	Amt
2012							
Ap 20	To Cash A/c		5,000				

Drawin
gs A/c

Dr				Cr			
Date	Particulars	JF	Amt	Date	Particulars	JF	Amt
2012							
Ap 22	To Cash A/c		1,000				

Dr

Office Furniture A/c

Cr

Date	Particulars	J F	Amt	Date	Particulars	JF	Amt
2012 Ap 25	To Cash A/c		5,000				

Dr

Rohit's A/c

Cr

Date	Particulars	JF	Amt	Date	Particulars	J F	Amt
2012 Ap 29	To Cash A/c		8,000				

TRIAL BALANCE

INTRODUCTION:

The basic principle of double entry system of book-keeping is that debit aspect of any transactions is always equal to its credit. Therefore when we take out all the ledger account balances from the ledger then the total of all the debit balances and the credit balances separately the total should be equal. It is practice to verify that, whether all the entries in the books of account are correctly made or not, by preparing list of debit and credit balances of all the ledger of any particular date.

MEANING AND DEFINITION OF TRIAL BALANCE

A trial balance shows the list of the debit and credit balances. It is a statement but not an account. It can be defined as “a statement prepared to find out the arithmetical accuracy in the books of account.

Rolland defines the Trial balance as “the final list of balances totaled and combined, is called trial balance”

The dictionary for accountants written by Eric L. Kohler defines, Trial balance as a list or abstract of the balances or of total credits of the accounts in the ledger, the purpose being to determine equality of posted debits and credits and to establish a basic summary for financial statements.

FEATURES OF TRIAL BALANCE

The following are the important features of a trial balance.

- 1) It is a statement of showing debit and credit balance of ledger accounts and it is not an account.
- 2) It is prepared to test arithmetical accuracy of the books of accounts.
- 3) It does not prove accounting accuracy which can be determined by audit.
- 4) It is a practice to prepare the trial balance at the end of the year but it can also be prepared any time as and when required for example half yearly quarterly or monthly.

PURPOSES OR OBJECTIVES OF TRIAL BALANCE

A trial balance serves the following objectives:

- 1) To verify the arithmetical accuracy of the books of accounts.
- 2) To check that the double effects of the transactions has been recorded as per the principles of double entry system.
- 3) To know the balances of any ledger.
- 4) To facilitate preparation of final account (i.e. preparation of trading account , profit and loss account and balance sheet)

FORMS OF TRIAL BALANCE

A trial balance can be prepared in two forms, they are:

- 1) Journal Form
- 2) Ledger Form

A specimen of trial balance

Trial balance as on: (Journal form)

Sr. No.	Name of account	LF	Debit balance	Credit balance

Specimen for ledger form of a trial balance

Trial balance as on

Name of the Account (debit balances)	Amount	Name of the Account (credit balances)	Amount

HOW TO PREPARE TRAIL BALANCE?

1. Close all the ledger accounts on a particular date.
2. All the heads of accounts are to be written in the second column of the trial balance. If any account shows debit balance write the amount in the debit column and if any account shows credit balance write the amount in credit column. Page number of ledger to be entered in L.F. column.
3. The cash and bank balance to be entered in the trial balance as per cash book.
4. After entering all the ledger account balances in the trial balance make the total of debit and credit column. The total of both these columns must tally.

Illustration :-

From the following information pass the necessary Journal entries, post them to the ledger and prepare trial balance on 31.12.2013 in the books of Mr. David.

2012

- Dec 1 Balance of cash in hand Rs. 28000 and cash at bank Rs. 20000, balance of capital Rs. 300,000.
- Dec 5 Purchased goods for cash Rs. 20,000
- Dec 7 Sold goods for cash Rs. 2000
- Dec 10 Sold goods to Mr. Ganesh Rs. 15000
- Dec 15 Paid for office salary Rs. 15000
- Dec 18 Bought goods from Mr. David worth Rs. 25000
- Dec 25 Received for commission Rs. 1000
- Dec 26 Withdrawn from bank for personal use Rs. 2000
- Dec 27 Bought furniture for office use Rs. 9000
- Dec 29 Mr. Ganesh returned goods Rs. 600

JOURNAL

Date	Particulars	LF	Debit	Credit
2012				
Dec 5	Purchase A/cDr, To cash A/c (being bought goods for cash)		20000	20000
Dec 7	Cash A/cDr. To sales A/c (being sold goods for cash)		2000	2000
Dec 10	Ganesh`s A/cDr To sales A/c (being sold goods on credit)		15000	15000
Dec 15	Office salary A/c.....Dr To cash A/c (being paid for office salary)		15000	15000
Dec 18	Purchases A/cDr. To Devid`s A/c (being bought goods on credit)		25000	25000
Dec 25	Cash A/cDr. To commission A/c (Being received for comm..)		1000	1000
Dec 26	Drawings A/c Dr. To Bank A/c (being withdrawn from bank for personal use)		2000	2000
Dec 27	Furniture A/c.....Dr. To cash A/c (being bought furniture for office use)		9000	9000
Dec 28	Devid`s A/cDr. To purchase Returns A/c (Being returned goods to Mr. Devid)		500	500
Dec 29	Sales returns A/c.....Dr To Mr. Ganesh A/c (being Mr. Ganesh returned		600	600

goods)

LEDGER

Dr. Cash A/c Cr.

Date	Particulars	J F	Amount	Date	Particulars	J F	Amount
2012 Dec 1	To balance b/d		28,000	2012 Dec 5	By purchases A/c		20000
Dec 7	To sales A/c		2000	Dec 15	By office salary A/c		15000
Dec 25	To commission A/c		1000	Dec 27	By furniture A/c		9000
				Dec 31	By balance c/d		239000
			283000				283000
2013 Jan 1	To balance b/d		283000				

Dr. Bank A/c Cr.

Date	Particulars	J F	Amount	Date	Particulars	J F	Amount
2012 Dec 1	To bal b/d		20000	2012 Dec 26	By Drawings A/c		2000
				Dec 31	By bal c/d		18000
			20000				20000
2013 Jan 1	To bal b/d		18000				

Dr. Capital A/c Cr.

Date	Particulars	J F	Amount	Date	Particulars	J F	Amount
2012 Dec 31	To bal c/d		3,00,00 0	2012 Dec 1	By bal b/d		3,00,000
			3,00,00 0				3,00,000
				2013 Jan 1	By bal b/d		3,00,000

Dr. Purchase A/c Cr.

Date	Particulars	JF	Amount	Date	Particulars	JF	Amount
2012 Dec 5	To cash A/c		20000	2012 Dec 31	By bal c/d		45000
Dec 18	To Devid`s A/c		25000				45000
			45000				
2013 Jan 1	To bal b/d		45000				

Dr. Sales A/c Cr.

Date	Particulars	JF	Amount	Date	Particulars	JF	Amount
2012 Dec 31	To balance c/d		17000	2012 Dec 7	By cash A/c		2000
			17000	Dec 10	By Ganesh`s A/c		15000
							17000
				2013 Jan 1	By balance b/d		17000

Dr Ganesh`s A/c Cr.

Date	Particulars	JF	Amount	Date	Particulars	J F	Amount
2012 Dec 10	To sales A/c		15000	2012 Dec 29	By sales returns A/c		600
				Dec 31	By bal. c/d		14400
			15000				15000
2012 Jan 1	To bal. b/d		14400				

Dr Office Salary A/c Cr

Date	Particulars	JF	Amount	Date	Particulars	JF	Amount
2012 Dec 15	To cash A/c		15000	2012 Dec 31	By bal c/d		15000
			15000				15000
2013 Jan 1	To bal b/d		15000				

Dr Devid`s A/c Cr

Date	Particulars	J F	Amount	Date	Particulars	JF	Amount
2012 Dec 28	To purchase returns A/c		500	2012 Dec 18	By purchase A/c		25000
Dec 31	To bal. c/d		24500				25000
			25000	2013 Jan 1	By bal. b/d		24500

Dr Commission A/c Cr

Date	Particulars	JF	Amount	Date	Particulars	JF	Amount
2012 Dec 31	To bal c/d		1000	2012 Dec 25	By cash A/c		1000
			1000				1000
				2013 Jan 1	By bal. b/d		1000

Dr Drawings A/c Cr.

Date	Particulars	J F	Amount	Date	Particulars	JF	Amount
2012 Dec 26	To bank A/c		2000	2012 Dec 31	By bal c/d		2000
			2000				2000
2013 Jan 1	To bal b/d		2000				

Dr Furniture A./c Cr

Date	Particulars	JF	Amount	Date	Particulars	J F	Amount
2012 Dec 27	To cash A/c		9000	2012 Dec 31	By bal c/d		9000
			9000				9000
2013 Jan 1	To bal b/d		9000				

Dr Purchase Returns A/c Cr

Date	Particulars	JF	Amount	Date	Particulars	JF	Amount
2012 Dec 31	To bal c/d		500	2012 Dec 27	By Devids A/c		500
			500				500
				2013 Jan 1	By bal b/d		500

Dr

Sales Returns A/c

Cr

Date	Particulars	JF	Amount	Date	Particulars	JF	Amount
2012 Dec 29	To Mr. Ganesh A/c		600	2012 Dec 31	By bal c/d		600
			600				600
2013 Jan 1	To bal b/d		600				

Trial Balance as on 31.12.2012

Sr.no.	Name of account	L f	Debit	Credit
1.	Cash Account		239000	--
2.	Bank Account		18000	--
3.	Capital Account		--	3,00,000
4.	Purchases Account		45000	--
5.	Sales Account		--	17000
6.	Ganesh`s Account		14400	--
7.	Office salary Account		15000	--
8.	Devids Account		--	24500
9.	Commission Account		--	1000
10.	Drawings Account		2000	--
11.	Furnitures Account		9000	--
12.	Purchase Return Account		--	500
13.	Sales Return Account		600	--
	Total		343000	343000

CHAPTER BASED QUESTIONS

A. Fill in the blank by closing the appropriate alternative given in the bracket

1. Goods invested in the business is called as _____.
(Drawings, Capital, Property).
2. Discount Account is _____.
(Real Account, Personal Account, Nominal Account)
3. Dena Bank account is _____.
(Personal Account, Real Account, Nominal Account)
4. System of recording two effects of business transaction is called as _____.
(Single entry, double entry, triple entry)
5. _____ is the principal book of account.
(Journal , ledger, trial balance)
6. State bank loan account is _____.
(Personal Account, Real Account, Nominal Account)
7. _____ is an evidence of payment of cash.
(Debit Note, Invoice, Voucher)
8. Purchase of Machinery is debited to _____.
(cash Account, Purchase Account, machinery Account)
9. Paid Life Insurance Premium is debited to _____.
(Bank account, Drawings Account, Cash Account)
10. Purchased goods from Mr. Subash for cash is credited to _____.
(Subash's Account, Cash Account, Purchase Account)

B. Answer the following questions:

1. Define Book-Keeping.
2. What is double entry system of book-keeping?

3. What is Personal Account?
4. What is trade Discount?
5. What is the Full form of L.F.
6. What is the full form of J.F.
7. What is Ledger?
8. Why Trial Balance is prepared?
9. What is Narration?
- 10.State debit and Credit rule of Nominal Account.

C. Answer the following:

1. State any three objectives of Book-Keeping.
2. Distinguish between Personal Account and Nominal Account. (Any three points of differences)
3. Distinguish between Real Account and Nominal Account (Any three points)
4. Write a note on balancing of ledger Accounts.
5. Explain any three importance of book-keeping.
 - a. Give the meaning of the following
 - b. Goods b) Assets c) Transactions

C From the following particulars pass necessary Journal entries, Post them to respective ledger account and prepare the trial balance.

2012

- | | |
|----------|---|
| March 1 | Started business with cash Rs. 2,00,000 |
| March 5 | Purchased goods for cash Rs. 40,000 |
| March 7 | Sold goods to Mr. Sachin worth Rs. 25,000 |
| March 9 | Paid for Wages Rs. 800 |
| March 12 | Received for Commission Rs. 900 |

March 15 Bought goods from Mr. Alister worth Rs. 30,000
March 18 Returned goods to Mr. Alister worth Rs. 2,000
March 20 Cash Sales Rs. 12,000
March 25 Withdrawn cash from the business for Personal use Rs. 1,000
March 28 Mr. Sachin returned goods worth Rs. 1,800
March 30 Purchase a computer for office use Rs.20000.

D. From the following information prepare simple cash book

2012

March 1 Balance of cash in hand Rs. 75,000
March 2 Deposited cash in the bank Rs. 20,000
March 5 Paid for purchase Rs. 6,000
March 7 Received for sales Rs. 3,000
March 8 Paid for office rent Rs. 4,000
March 13 Received interest from Bank Rs. 1,500
March 15 Received from Mr. Anish Rs. 8,000
March 20 Paid for Electricity bill Rs. 700
March 25 Withdrawn cash from the bank Rs. 5,000
March 28 Withdrawn cash from the business for personal use Rs. 500