

Chapter 13 Ledger

① Ledger

- The books which contains a classified and permanent record of all the transactions of a business is called ledger.

② Advantages of Ledger

- All the transactions pertaining to an account are collected at one place in the ledger.
- Any type of information relating to the business can be easily obtained from the ledger.
- A trial Balance can be prepared with the help of ledger.
- Trading and profit and loss A/c and Balance Sheet can also be prepared with the help of ledger.

③ Proforma of Ledger

| Dr. | | | | Cr. | | | |
|------|-------------|----|-------------|------|-------------|----|-------------|
| Date | particulars | TF | Amount ₹ | Date | particulars | TF | Amount ₹ |
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- Compound Journal Entry - When in a journal entry, two or more accounts are debited and only one account is credited or vice versa the entry is termed as Compound Journal Entry.

- Opening Entry - The first entry in each year's journal is to record the opening balances of various assets and liabilities.

at the beginning of the New Year.

(9) Difference between Journal or books of Original Entry and Ledger.

| <u>Journal or books of Original Entry</u> | <u>Ledger</u> |
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| 1) As the name indicates, all the transactions are first of all recorded in Journal. They are also referred to as books of primary Entry. | 1) All the transactions entered in Journal or Subsidiary books, are then transferred to ledger. It is also referred to as books of final Entry. |
| 2) Transactions are recorded in a chronological order, as & when they take place. | In this book transactions are recorded in a analytical order i.e all the transaction pertaining to a particular account are contained at one place in the ledger. |
| 3) full details of a transactions (narrations) are recorded in these books. | full details of a transactions are not recorded in the ledger. |
| 4) final Accounts (Balance Sheet) cannot be prepared with the help of books of original Entry. | final Accounts can be prepared with the help of ledger accounts. |
| 5) The process of recording entries is called Journalising. | The process of recording entries is called posting. |

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| 6) Page number of the ledger is ledger folio (LF) written in these books. | Page number of the journal book is journal folio is written in ledger. |
| 7) Accuracy cannot be tested | Accuracy can be tested by preparing trial Balance. |