

**Little Flower Matriculation Higher Secondary School**  
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**11 - Accountancy**  
**Unit - 4 Ledger**

**I. Choose the Correct Answers**

1. Main objective of preparing ledger account is to
  - (a) Ascertain the financial position
  - (b) Ascertain the profit or loss
  - (c) Ascertain the profit or loss and the financial position
  - (d) Know the balance of each ledger account**
2. The process of transferring the debit and credit items from journal to ledger accounts is called
  - (a) Casting **(b) Posting** (c) Journalising (d) Balancing
3. J.F means
  - (a) Ledger page number **(b) Journal page number**
  - (c) Voucher number (d) Order number
4. The process of finding the net amount from the totals of debit and credit columns in a ledger is known as
  - (a) Casting (b) Posting (c) Journalising **(d) Balancing**
5. If the total of the debit side of an account exceeds the total of its credit side, it means
  - (a) Credit balance **(b) Debit balance**
  - (c) Nil balance (d) Debit and credit balance
6. The amount brought into the business by the proprietor should be credited to
  - (a) Cash account (b) Drawings account
  - (c) Capital account** (d) Suspense account

## **II. Very short answer**

### **1. What is a ledger?**

- (i) Ledger is known as principal book of accounts.
- (ii) It is a book which contains all sets of accounts, namely, personal, real and nominal accounts.
- (iii) Account wise balance can be determined from the ledger.
- (iv) The ledger accounts are prepared based on journal entries passed.

### **2. What is meant by posting?**

- ⇒ The process of transferring the debit and credit items from the journal to the ledger accounts is called posting.

### **3. What is debit balance?**

- ⇒ If the total on the debit side exceeds the total on the credit side, it results in debit balance.

### **4. What is credit balance?**

- ⇒ If the total on the credit side exceeds the total on the debit side, it results in credit balance.

### **5. What is balancing of an account?**

- ⇒ Balancing means that the debit side and credit side amounts are totalled and the difference between the total of the two sides is placed in the amount column as 'Balance c/d' on the side having lesser total, so that the total of both debit and credit columns are equal.

### III. Short answer

#### 1. Distinguish between journal and ledger.

Basis	Journal	Ledger
1. Recording	As and when transactions take place entries are made in journal.	In ledger, entries may be posted either on the same day or at the end of a specified period.
2. Stage of recording	Recording in the journal is the first stage.	Recording in the ledger is the second stage, which is done on the basis of entries made in the journal.
3. Order of recording	Entries are made in the chronological order, i.e., date wise in the order of occurrence.	Entries are made account wise.
4. Process	The process of recording in journal is called journalising.	The process of recording in the ledger is called posting.
5. Net position	Net position of an account cannot be ascertained from journal.	Net position of an account can be ascertained from ledger account.

#### 2. What is ledger? Explain its utilities.

##### Ledger

- (i) Ledger is known as principal book of accounts.
- (ii) It is a book which contains all sets of accounts, namely, personal, real and nominal accounts.
- (iii) Account wise balance can be determined from the ledger.

##### Utilities of Ledger

- (i) Quick information about a particular account
  - ⇒ Ledger account helps to get all information about a particular account like sales, purchases, machinery, etc.
- (ii) Control over business transactions
  - ⇒ From the ledger balances extracted, a thorough analysis of account balances can be made which helps to have control over the business transactions.
- (iii) Trial balance can be prepared
  - ⇒ With the balances of ledger accounts, trial balance can be prepared to check the arithmetical accuracy of entries made in the journal and ledger.

(iv) Helps to prepare financial statements

⇒ From the ledger balances extracted, financial statements can be prepared for ascertaining net profit or loss and the financial position.

### 3. How is posting made from the journal to the ledger?

- (a) Locate the ledger account that is debited in the journal entry. Open the respective account in the ledger, if already not opened. Write the name of the account in the top middle.
- (b) Record the date of the transaction in the date column on the debit side of that account.
- (c) Record the name of the account credited in the journal with the prefix 'To' in particulars column.
- (d) Record the amount of the debit in the 'amount column'.
- (e) Locate the ledger account that is credited in the journal entry. Open the respective account in the ledger, if already not opened.
- (f) Write the name of the account in the top middle.
- (g) Record the date of the transaction in the date column.
- (h) Record the name of the account debited in the journal entry in the particulars column with the prefix 'By' and write the amount in the amount column.

### 4. Explain the procedure for balancing a ledger account.

- (i) The debit and credit columns of an account are to be totalled separately.
- (ii) The difference between the two totals is to be ascertained.
- (iii) The difference is to be placed in the amount column of the side having lesser total.

'Balance c/d' is to be entered in the particulars column against the difference and in the date column the last day of the accounting period is entered.

- (iv) Now both the debit and credit columns are to be totalled and the totals will be equal.

The totals of both sides are to be recorded in the same line horizontally.

- (v) The total is to be distinguished from other figures by drawing lines above and below the amount.
- (vi) The difference has to be brought down to the opposite side below the total.
- (vii) 'Balance b/ d' is to be entered in the particulars column against the difference brought down and in the date column, the first day of the next accounting period is entered.
- (viii) If the total on the debit side of an account is higher, the balancing figure is debit balance and if the credit side of an account has higher total, the balancing figure is credit balance.

If the two sides are equal, that account will show nil balance.

Thank You

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