## Ledger

## LEARNING OBJECTIVES

This chapter would enable students to understand:

- ☐ Meaning of Ledger
- ☐ Features and Utilities of Ledger
- ☐ Format of Ledger Account
- Balancing of Ledger Accounts
- Difference between Journal and Ledger
- ☐ Trial Balance

### MEANING OF LEDGER

Transactions are recorded in the Journal and thereafter, they are transferred, i.e., posted to the relevant account in the ledger. All the accounts put together make a Ledger. Stating differently, Ledger is a book in which various accounts (Asset Accounts, Liability Accounts, Capital Accounts, Revenue Accounts and Expense Accounts) are opened and transactions are transferred (posted) in the accounts from the Journal Book.

A Ledger may be defined as a "book which contains, in a summarised and classified form, a permanent record of all transactions." It is the most important book of account, since the Trial Balance is drawn from it and from the Trial Balance, financial statements are prepared. Hence, Ledger is called the Principal Book of account.

A ledger is also called the Book of Final Entry, since all transactions recorded in Book of Original Entry (i.e., Journal) are transferred (posted) in the ledger.

### Features of Ledger

- (i) Ledger is a master record of all the accounts of the business.
- (ii) It is prepared from Journal.
- (iii) Ledger Accounts show the current balance in all accounts.
- (iv) Trial Balance and Final Accounts are prepared from Ledger Accounts.
- (v) Ledger Accounts summarise the effect of transactions upon assets, liabilities, capital, incomes and expenditures.

### **Utilities of Ledger**

- 1. Provides Complete Information of a Particular Account

  Complete information relating to a particular account is available at one place in the Ledge
- Information of Incomes and Expenses
   In ledger, a separate account is maintained for each income and expense. The amount of total income and total expenses are known from the ledger accounts.
- 3. Preparation of Trial Balance

Ledger helps in preparing Trial Balance which ensures arithmetical accuracy of the transactions recorded in books of account.

4. Helpful in Preparing Final Accounts

After preparing Trial Balance, Final Accounts are prepared to know the profitability and financial position of the business.

### Format of Ledger Account

The format of Ledger account has been explained in an earlier Chapter. For convenience it is being repeated here.

#### NAME OF THE ACCOUNT, e.g., WAGES ACCOUNT

Date	Particulars	J.F.*	Amount (ft)	Date	Particulars	IF.*	Amount (t)
Date of transaction	Name of the other account	1000	PARTY NAMED AND DESCRIPTION OF THE PARTY NAMED AND PARTY NAMED	Date of the transaction	Name of the other account	100000	Amount of the transaction

<sup>&</sup>quot;Journal Folio (J.F.) denotes folio or page number on which Journal entry is written.

### Posting the Entries

The process of transferring the transaction written in the Journal to a Ledger is called posting. In other words, the process of transferring of debits and credits from the Journal to the Ledger Accounts is called posting. Posting is necessary as it summarises all transactions relating to the account at one place and also shows how transactions have changed the account balances.

### MECHANICS OF POSTING

The following procedure is followed for posting:

1. Posting of an Account debited in a Journal entry

The steps to be followed are:

First. Identify the account to be debited in the Ledger.

Second. Enter the date of the transaction in the 'Date' column on the debit side of

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Write the name of the account which has been credited in the respective entry Third. in the 'Particulars' column on the debit side of the account as 'To (name of

Record the page number of the Journal where the entry exists in the 'Journal Fourth.

Enter the relevant amount in the 'Amount' column on the debit side. Fifth.

## 2. Posting of an Account credited in a Journal entry

The steps to be followed are:

Identify the account to be credited in the Ledger, First.

Enter the date of the transaction in the 'Date' column on the credit side. Second.

Write the name of the account which has been debited in the respective entry Third. in the 'Particulars' column on the credit side of the account as 'By (name of account debited)".

Fourth. Record the page number of the Journal where the entry exists in the 'Journal Folio (J.F.)' column.

Enter the relevant amount in the 'Amount' column on the credit side. Fifth.

### Posting of Simple Entry

Consider the following entry to illustrate the above process:

		JOURNAL			(Page 57)	
Date	Particulars	THE PERSON NAMED IN	LF.	DE(E)	Ct. (T)	
2022 March 6	Salaries A/c To Bank A/c (Salaries paid)	_Dr.	30	1.50,000	1,50,000	

An amount of ₹ 1,50,000 will be debited to the Salaries Account and credited to Bank Account. The manner will be: in the Salaries Account on the debit side in the Particulars Column we will write 'To Bank Account'. In the Bank Account on the credit side in the Particulars Column: 'By Salaries Account' will be written. The two accounts will, thus, appear as follows:

Or,			SALARIES	iger ACCOUN	т		(Page 30) Cr.
Ditte	Particulars	JF.	7	Date	Particulars	J.E.	7
Minch (	To Bank A/c	57	1,50,000	123	A STATE OF THE PARTY OF THE PAR	2	NEWS H

Dr.			BANK	ACCOUNT	675		Cr.
Date	Particulars	1.5.	1	Date	Particulars	JF.	7
	r or occuracy			2022	O APPROXIMATE AND	67	1.50,000

### Posting of Compound Entry

In a simple entry, only one account is debited and one account is credited. When is Journal entry, two or more accounts are debited and one or more accounts are credit or vice versa, the entry is known as Compound Journal Entry.

Let us understand the posting of compound entry with the help of the following example Example: On 1st April, 2022, Ankit paid to Sohan by cheque ₹ 19,600 in settlem. of ₹ 20,000. Pass Journal entry and post it in Ledger Accounts of Ankit.

	JOURNAL			1	Page
Date	Perticulars	J. VERNE	LE	Dr. (₹)	(4)
2022 April 1	Sohan To Bank A/c To Discount Received A/c (Cheque Issued to Sohan in settlement)	.De	28 20 21	20,000	1946

- (i) In the above entry, Schan is debited with Bank Account and Discount Recement Account. Thus, in the ledger, Sohan's Account will be debited with ₹ 19,600 m 'To Bank A/c' and with ₹ 400 as "To Discount Received A/c".
- (ii) Bank Account has been credited with Sohan. Thus, in the ledger, Bank Account will be credited with ₹ 19,600 as "By Sohan".
- (iii) Discount Received Account has been credited with Sohan. Thus, in the ledge. Discount Received Account will be credited ₹ 400 as "By Sohan".

Ledger Accounts of Ankit will be as follows:

Dr.			SOF	IAN			1
Date	Particulars	J.F.	4	Date	Particulars	150	683
2022 April 1	To Bank A/c To Discount Received A/c	81 81	19,600				
Ov.			BANK A	CCOUNT		- HEADE	(Page 2
Date	Particulars	15.		Date	Particulars	LE.	1
			473	2022 Agril 1	By Sohan	81	19.50
dr.		DISC	COUNT RECI				(Page 2
Date	Particulars	T.E.	- 1	Date	Particulars.	1.5.	20
Hay				2022 April 1	lly Schen	91	13

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2022 May

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Dr. Date

2022 May

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### **Posting of Opening Entry**

The balances of assets and liabilities in the Trial Balance are transferred in the Balance Sheet as at the end of the accounting year. These assets and liabilities are brought forward in the beginning of the next year. The entry passed to record such closing balances of the previous year in the current year is called **Opening Entry**.

As discussed earlier, all Asset Accounts will show a debit balance. An account for each asset will be opened and the relevant amount will be written on the debit side as  $T_0$  Balance brought down (b/d). On the contrary, the Liability Accounts will show credit balance. An account for each liability will be opened and the relevant amount will be written on the credit side as 'By Balance brought down (b/d)'.

#### Illustration 1.

Pass the Opening Entry on 1st April, 2022 on the basis of the following information taken from the books of Raman. Also, post the opening entry.

Cash in Hand	20,000
Sundry Debtors	60,000
Stock of Goods	40,000
Plant	50,000
Land and Building	1,00,000
Sundry Creditors	1,00,000

#### Solution:

#### In the Books of Raman JOURNAL

Date Particulars	L.F.	Dr 781	(2.22)
April 1 Gash A/c Sundry Delators A/c Stock A/c Plant A/c Land and Building A/c To Sundry Creditors A/c To Capital A/c (Note) [Previous year's balances brought forward)	Dr. Dr. Dr. Dr.	20,000 60,000 40,000 50,000 1,00,000	1,00,00 1,70,00

Note: The excess of assets over liabilities is the proprietor's capital and is credited to his Capital Account.

Dr.				CCOUNT			0
Date	Particulars	15.	2	CCOON	The second		-
2022				LAME.	Particulars.	15	1
April	1 To Balance h/d	41 3	20,000	1	THE SAME	5 1911	

Dr.		SUI	VDRY DEBT	ORS ACC	DUNT	
Date	Particulars	JF.	*	Date		1021
2027	POLICE HER				Particulars	J.F.
April	To Balance b/d		60,000	11.3	14-11-11-11-11	

Dr.	Particulars	100		ACCOUNT			- 0
Date	Fall Missing Co.	1F.	3	Date	Particulars	护	7
2022 April	t To Balance b/d		40,000				
Dr.	A part of		PLANTA	CCOUNT	Town Control		
Date	Particulars	JE.	1	Date	Particulars	The I	- 0
2022 April	1 To Balance b/d		\$0,000		Particulars	17.	
De	AL PROPERTY	LAN	D AND BUIL	DING ACC	DUNT		0
Date	Particulars	J.F.	7	Date	Particulars	13.	-
2022 April	1 To Balance b/d		1,00,000		10000	12-	-
Dr.		SUN	IDRY CREDI	TORS ACCO	UNT		0
Date	Particulars	抵	2	Date	Particulars	2.5	
	De en oc			2022 April 1	By Balance b/d		1,00,000
hr.		Bay	CAPITAL	ACCOUNT			
Date	Particulars	J.F.		Oute	Particulars	3E	9.8
	The second		100	2022 April 1	By Balance b/d		1,70,000

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### **BALANCING OF LEDGER ACCOUNTS**

After posting the transactions, accounts are balanced after a certain period but certainly at the end of the year. Balancing an account means that the two sides of an account are totalled and the difference in total of the two sides is written on the side whose total is smaller.

For example, if the total of the credit side is more than the total of debit side of any account, the difference of amount will be recorded as Balance c/d on the debit side and bice versa on the credit side. If the total of the debit side of any account is more than the total of credit side, it means that the account has debit balance and if the total of the credit side of any account is more, it will show a credit balance. The debit balance is then written on the debit side as 'To Balance brought down' or 'To Balance b/d', which is the opening balance for the new period. The credit balance is then written on the credit side as 'By Balance brought down' or 'By Balance b/d'. This is the opening balance for the new accounting year. The total of the debit and credit sides of some accounts

may be equal, those accounts will not show any balance. The concept of balancing illustrated with the help of following diagram:

## PROCESS OF BALANCING LEDGER ACCOUNTS

Total both the sides of a Ledger Account.

Find out the difference

If the Debit 5ide Total is more than the Credit Side Total rite the Difference on the Credit Side as 'By Balance c/d"

e Credit Side Total is more than the Debit Side Total, write the Difference on the Debit Site To Balance c/d'

Make the total of the Debit Side equal to the total of the Credit Side

Draw a double line after both the totals Bring forward the balance on the next date

If Debit Balance. write on the Debit Side as To Balance b/d"

If Credit Balance. write on the Credit Side as By Balance b/d\*

Observe the Cash Account of Illustration 2 given on Page No. 9.10, total of the debit side of this account is ₹ 1,10,500 and total of the credit side is ₹ 80,650 (i.e., ₹ 70,000 + ₹ 5,000 • ₹ 2,150 + ₹ 500 + ₹ 3,000), so the total of the debit side exceeds the total of credit side by ₹ 29,850 (i.e., ₹ 1,10,500 - ₹ 80,650). Thus, Cash Account shows debit balance of ₹ 29,850.

The balance of an account is always known by the side which is greater.

### Types of Accounts that are Balanced

Personal Accounts and Real Accounts (as per Traditional Approach of classification of accounts) and Asset, Liability and Capital Accounts (as per Modern Approach of classification of accounts) are balanced. These balances are shown in the Balance Sheet. Nominal Accounts (under Traditional Approach of classification of accounts) and Revenue and Expense Accounts (as per Modern Approach of classification of accounts) are closed by transferring them to Trading Account or Profit & Loss Account.

However, before passing the closing entries for transferring accounts to Trading Account and Profit & Loss Account, Trial Balance (which is discussed later) is prepared to verify the arithmetical accuracy of transactions recorded.

Types of Accounts man

Personal Accounts and Real Accounts (as per Traditional Approach of classification of accounts) and Asset, Liability and Capital Accounts (as per Modern Approach of classification of accounts) are balanced. These balances are shown in the Balance Sheet, Nominal Accounts (under Traditional Approach of classification of accounts) and Revenue and Expense Accounts (as per Modern Approach of classification of accounts) are closed by transferring them to Trading Account or Profit & Loss Account.

However, before passing the closing entries for transferring accounts to Trading Account and Profit & Loss Account, Trial Balance (which is discussed later) is prepared to verify the arithmetical accuracy of transactions recorded.

# Illustration 2. Journalise the following transactions and post them in the Ledger:

2022	1190		1
April	1	Shivam started business with cash	1,00,000
April	2	Deposited in bank	70,000
April		Bought goods for cash	
April		Drew cash from bank for office	5,000
April		Sold goods to Krishna	1,000
April	20	Bought goods from Shyam	1,500
April	24	Received from Krishna	2,250
April	28	Paid Cash to Shyam	1,500
		Discount allowed by him	2,150
April	30	Cash sales for the month	100
April	30	Paid Rent	8,000
April		Paid Salary to Ram	500
Mosteria	rol	Core Sandry to Hall	3,000

## Solution:

### In the Books of Shivam JOURNAL

Date		Particulars:		LF.	Dr. (7)	Gr.(0)
2072	13		-	02.	Market.	55107
Appell	1	Cash A/c	200	100	CONTRACTOR OF THE PARTY OF THE	
1		To Capital A/c	-Dr	4	1,00,000	1,00,000
		(Cash invested by Shivarm in the business as capital)				1,000,000
April	2	Bank A/c	DE	3	70,000	
10		To Cash A/c		0	All land	70.000
		(Deposited in the bank)	- 13			
April	3	Purchases A/c	_Dr.	7	5,000	
1 500		To Cash A/c		-1-	200	5,000
		(Goods purchased for cash)				
April	4	Cash A/c	_Dr.	10	1,000	
45mm		To Bank A/c		50		1,000
	BITTS:	(Cash withdrawn from the bank)				
prii	13	Krishna	"Dt	9:	1,500	-
3 -	an	To Sales A/c		8	00,00	1,500
		(Goods sold to Krishna)				
pri	20	Purchases A/c	_0:	7	2,250	355
April Mary	To Shyam		10.		2,250	
		(Goods bought from Shyam)				
Ingl	24	Cash A/c	"Dt.	7	1,500	
-		To Krishna		-9	1	1,500
		(Cash received from Krishna)		100	1000	
Indi	28	Shyam	Dr	10	2,250	1
500		To Cash A/c		1		2,150
		To Discount Received A/c (Note 1)		12		100
		(Discount allowed by Shyam on payment being made to him)				
pril	30	Cash A/c	_0	1	8.000	
200	101	To Sales A/c		8		8,000
		(Goods sold for cash)			1	
pri	20			15	111	
400	30	Rent A/c	0	r. 14	3,00	
		Salaries A/c		1	3	3,500
		To Cash A/c		1	1 30	
		(flent and Salary paid) (Note 2)	11111	MA	1,95,00	1,95,00

Notes: 1. Discount allowed by others is discount received. It is a gain thus, it will be credited.

3. Ledger Folios are imaginary.

<sup>2.</sup> A combined or compound entry is passed since rent and salary to Ram have been paid in cash on the same day.

			CASH AC	ger COUNT	William H		_ 0
	Daniel College	3.f.	7	Date	Particulars	J.F.	1
Date	THE RESERVE OF THE PARTY OF THE		1,00,000 1,000 1,500 8,000 1,10,500	2022 April 2 April 3 April 28 April 30 April 30 April 30	By Bank A/c By Purchases A/c By Shyam By Rent A/c By Salaries A/c By Balance c/d		76.00 5.00 2.10 70 3.00 29.650 1,50.500
May 1	IN SHIERCE OF		CAPITAL	CCOUNT		3	ú
Date	Particulars	J.E.	E E	Date	Particulars	JF	1
2022 April 30			1,00,000	2022 April 1	By Cash A/c		1,00.00
Dr.			BANK A	COUNT			0.
Date	Particulars .	J.F.	*	Date	Particulars	J.F.	3
2022 April 2 May 1	To Cash A/c To Balance b/d		70,000 70,000 69,000	2022 April 4 April 30	By Cash A/c By Balance c/d		1,000 69,000 70,000
Dr.			PURCHASES	ACCOUNT			O.
Date	Particulars	塘	4	Date	Particulars	J.E.	1
0000	3 To Cash A/c 0 To Shyam		5,000				
Dr.			SALES AC	COUNT*			0.
Date	Particulars	if.		Date	Particulars	JE.	Y
				2022 April 13 April 30	By Krishna		1,500 0.000
r.			KRIS	HNA		1550	O.
Date	Particulars	1E	*	Date	Particulars	JE.	1
022 prii 15	To Sales A/c		1,500	2022 April 24	By Cash A/c		1,500

70,00	7000	The second second	A RIVAL DESCRIPTION	CHOCKING .		Date	Photograph of the control of the con		
70,00	7000	The second second				100000000000000000000000000000000000000	Particulars	J.F.	*
Discount Received Account   Discount Received Account	5,000	Sept.	AND RESTRICTION OF THE PARTY OF			The Control of the Control	By Purchases A/c		2,250
3,000 29,850  Date Particulars  J.F. ₹ Date Particulars	1000000				2,250				2,25
Date   Particulars   J.F.     Date   Particulars   J.F.		Dr.		DISC	OUNT RECE	IVED ACCO	DUNT		(
1,10,500 2022   April 30 To Balance c/d 100 April 28 By Shyam   May 1 By Balance b/d	2003000	No. of Lot	Particulars		7	A STATE OF THE PARTY OF THE PAR		1.5	2
April 30   10 Balance c/d   100   April 28   By Shyam   May 1   By Balance b/d		1000			Line I	2022			_
C: Date Particulars J.F. ₹ Date Particulars J.F.		April 30	To Balance c/d	N. S	100	April 28	By Shyam		100
↑ Date Particulars J.F. ↑ Date Particulars J.F. ↑					110	May 1	By Balance b/d		10
The particulary of the particular of the	G.	Dr.			RENT AC	COUNT			- (
	1	The same of the sa	Particulars	J.F.	*	Date	Particulars	J.F.	*
2022 2022		2022				2022			
1,00,000 April 30 To Cash A/c 500 April 30 By Balance old	1,00,000	April 30	To Cash A/c	100	500	April 30	By Balance c/d		50
May 1 To 8alance b/d 500		May 1	To Balance b/d		500		Mary To		
O. Dr. SALARIES ACCOUNT	0.	Dr.			SALARIES	ACCOUNT			
₹ Date Particulars J.F. ₹ Date Particulars J.F.	7_	Date	Particulars	J.F.	₹.	Date	Particulars	J.F.	*
2022	SG INTERNATIONAL PROPERTY.	2022				2022			5 .33
	2012/200	April 30	To Cash A/c		3,000	April 30	By Balance c/d		3,00
1,000 April 30 To Cash A/c 3,000 April 30 By Balance c/d	1,009		CONTRACTOR OF THE PARTY OF THE	100	3,000	de la lace	The state of the s		

Students are advised to pass Journal entries and thereafter prepare leager accounts

# Difference between Journal and Ledger

Basis	Journal	Ledger		
Nature of Book	It is a book of original or primary entry.	It is a book of final entry.		
2. Basis for Preparation	Source documents (such as vouchers, receipts, etc.) are the basis for recording transactions in the Journal.	Journal is the basis for recording transactions in the Ledger.		
3. Stage of Recording	Recording in the Journal is the first stage.	Recording in the Ledger is the second:		
4. Object	It is prepared to record all transactions in a chronological order.	It is prepared to see the net effect of various transactions affecting a particular account.		
5. Format	Journal has five columns: 1. Date, 2. Particulars, 3. Ledger Folio, 4. Debit Amount, and 5. Credit Amount.	Ledger has four identical columns on both debit and credit sides: 1. Date, 2. Particulars 3. Journal Folio, and 4. Amount.		

## Trial Balance

## LEARNING OBJECTIVES

This chapter would enable students to understand:

- ☐ Meaning of Trial Balance
- Characteristics or Features of Trial Balance
- Objectives or Functions of Trial Balance
- The Limitations of Trial Balance
- Preparing a Trial Balance

## MEANING OF TRIAL BALANCE

It is a Statement of balances in Ledger Accounts and Cash Book (Cash and Bank Balances).

"A Trial Balance is a statement, prepared with the debit and credit balances of the Ledger Accounts to test the arithmetical accuracy of the books." —J.R. Batliboi

"A Trial Balance is the list of debit and credit balances, taken out from the Ledger. It also includes the balances of cash and bank taken from the Cash Book." —Carter

Trial Balance is a statement showing the balances of the accounts maintained in the ledger and Cash Book balances, i.e., Cash and Bank Balances.

Trial Balance is prepared after posting the Journal entries in the accounts in the Ledger and balancing them. The balance of an account is the difference between the total of the debit entries and the total of the credit entries in an account. If the total of debit entries is greater, it is called a **Debit Balance**. Likewise, if the total of credit entries is greater, it is called a **Credit Balance**.

Ledger Accounts with debit balances are written in one column and those with credit balances are written in the other column. Under the Double Entry System, for every sebit there is an equal and corresponding credit of equal amount and vice versa as per build Aspect Concept. Therefore, the total of debit balances in different accounts in the Ledger should be always equal to the total of credit balances in different accounts, i.e., the total of the two columns for amount should match. If they match, it means that both aspects of each transaction have been recorded in the correct side of the Ledger. Matching of two sides of a Trial Balance does not mean that recording of transactions in the books of account is free of error, it only ensures arithmetical correctness of posting.

### Characteristics or Features of Trial Balance

- 1. It is a list of balances of Ledger Accounts and Cash Book.
- 2. It is not a part of the Double Entry System of Book Keeping. It is an outcome of Double Entry System of Book Keeping and is a working paper.
- 3. It can be prepared on any date by balancing the accounts.
- 4. It verifies the arithmetical correctness of posting of entries from the Journal is the Ledger.
- It is not a conclusive evidence of the accuracy of the books of account since for errors are not disclosed by the Trial Balance, for example, error of principle and compensating errors are not shown (disclosed) by Trial Balance.

### Objectives or Functions of Trial Balance

1. To Ascertain the Arithmetical Correctness of Ledger Accounts

The Trial Balance enables to establish whether posting and other accounting processes have been carried out without committing arithmetical errors.

2. To Help Prepare the Final Accounts (Financial Statements)

Trial Balance is the list of Ledger Accounts balances and Cash and Bank balances he is the base document to prepare Financial Statements, i.e., Final Accounts Revenue and Expense Accounts in the Trial Balance are transferred to Trading and Profit & Loss Account while Assets, Liabilities and Capital Accounts are transferred to the Balance Sheet.

3. Summary of Each Account

Trial Balance is a summary of each Ledger Account. The ledger account may have to be referred only when more detail is required in respect of an account.

4. To Help in Identifying Errors

Trial Balance helps in identifying errors in maintaining Book of Account. It should, however, be kept in mind that it does not disclose, i.e., show all the errors in Book Keeping except the arithmetical inaccuracies.

#### Limitations of Trial Balance

Trial Balance is not a conclusive evidence of the accuracy of the books of account. If the total of debit and credit sides of Trial Balance matches, it does not mean that all transactions have been correctly written and posted in the ledger accounts. A matched Trial Balance means that equal debits and credits have been recorded in the books of account. Even when Trial Balance matches, some errors may remain undetected and may not come to light.

Thus, the limitations of a Trial Balance are:

- Errors of principle, i.e., errors which arise due to incorrect application of the principle of accounting are not shown by the Trial Balance.
- Compensating errors, i.e., group of errors which are committed in such a manner that one mistake is compensated by the other and the Trial Balance still matches

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gransactions completely omitted from recording in the books of account are not

Recording both aspects of a transaction twice in the books of account.

Posting correct amount on the correct side but in the wrong account is not shown

Wrong amount recorded in the books of original entry and same amount is debited and credited, is not brought out by the Trial Balance.

## PREPARING A TRIAL BALANCE

Trial Balance is prepared by taking the debit and credit balances of all the accounts including Cash and Bank Accounts). These balances are entered separately in two columns for amount. Debit balances are placed in the 'Debit Column' and credit belances in the 'Credit Column'. It is known as preparation of Trial Balance by Bolance Method'.

Format of Trial Balance is as follows:

#### TRIAL BALANCE as on

leads of Accounts		1.5	Dr. (8)	(T) 33
	TO VICTORIA			
		-	order !	

While preparing a Trial Balance, following points should be kept in mind:

(i) It is prepared on a particular date which is written on the top.

(ii) In the first column, Heads of Accounts (i.e., names or heads of the accounts) are written.

(iii) In the second column, Ledger Folio, i.e., the page number of the Ledger where the balance exists, is written.

(a) In the third column, balance of the account, if it has a debit balance, is written.

(i) In the fourth column, balance of the account, if it has a credit balance, is written.

(ii) The two columns are totalled at the end.

Consider the following Ledger account:

te.	Particulars	J.F.	7	Date	Particulars	J.F.	- 1
1 1 5	To Balance b/d To Sales A/c To Output IGST A/c		20,000 18,500 2,220	April 5 April 11 April 11	By Bank A/c By Discount Allowed A/c By Sales Return A/c By Output IGST A/c By Belance c/d		19,800 200 2,500 300 17,920 40,720
	AS MEDICAL PROPERTY OF THE PARTY OF THE PART		40,720	Tale .	Land Hill Street		
21	To Balance b/d	F	17,920	1			

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## In the Trial Balance, Ramesh's Account will appear as follows:

### TRIAL BALANCE as on 30th April, 2022

Heads of Accounts	LF.	Debit Balance (₹)	Gede Balancus
Ramesh	# (B) (d) 2 (2) (d)	17,920	

## Hints for Preparing a Trial Balance

- Trial Balance is prepared from the Ledger accounts with balances and Cash Book. In preparing a Tra
  Balance all accounts having balances are taken. Thus, if an account does not have a balance, it is no
  shown in the Trial Balance.
- Ledger Accounts having debit balances are written in the debit column of a Trial Balance and the Ledge Accounts having credit balances are written in the credit column.
- 3. Purchases Account always have debit balance.
- 4. Sales Account always have credit balance.
- 5. Returns Inward Account or Sales Return Account always have debit balance.
- 6. Returns Outward Account or Purchases Return Account always have credit balance.

- 9. Opening Stock Account has debit balance.
- 10. Generally, closing stock (inventory) is not given in the Trial Balance but is given as an additional information or adjustment outside the Trial Balance. Closing Stock is the value of goods unsold out of opening stock (inventory) and purchases. It is valued at Cost or Net Realisable Value (Market Value), whichever is less, To incorporate the closing stock (inventory) in the books, Closing Stock (Inventory) Account is debited and the Trading Account is credited by the amount of unsold stock (inventory) at the end. Closing Stock (inventory) is shown as an asset on the assets side of the Balance Sheet.

If the closing stock (inventory) is given within the Trial Balance, it means that it has already been adjusted through Opening Stock and purchases by debiting the Closing Stock (Inventory) Account and crediting the Purchases Account.

- Accounts of assets such as Plant and Machinery, Furniture and Fixtures, Land and Building, Motor Car, Bills Receivable, Goodwill, Trademarks, Patents and Copyrights, Cash in Hand, Cash at Bank, etc., have debit balances.
- Accounts of liabilities such as capital, loans, creditors, bills payable, expenses payable, etc. have credit balances.
- 13. Accounts of incomes and gains have credit balances.
- 14. Accounts of expenses and losses have debit balances.

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A

May

Date

2022 April

April

April

Date

2022 April

April

### Illustration 3.

State whether the balances of the following accounts should be placed in the debitor the credit columns of the Trial Balance.

- 1. Furniture
- 2. Plant and Machinery
- 3. Discount Allowed
- 4. Salary
- 5. Bank Overdraft
- 6. Cash in Hand
- 7. Creditors
- 8. Sundry Debtors

- 9. Carriage Outwards
- 10. Carriage Inwards
- 11. Sales
- 12. Purchases
- 13. Discount Received
- 14. Interest Received
- 15. Interest Paid
- 16. Bad Debts

#### Solution:

TRIAL BALANCE as on\_

5. No.	Heads of Accounts	Logic	Debit Balance	Credit Na
1.	Furniture A/c	Asset	1	
2	Plant and Machinery A/c	Asset	1	
3,	Discount Allowed A/c	Expense	1	
4.	Salary A/c	Expense	1	
5.	Bank Overdraft A/c	Liability	13000	1
6.	Cash in Hand A/c	Asset	1	10.00
7-	Creditors A/c	Liability	1000	7
В.	Sundry Debtors A/c	Asset	1	
9.	Carriage Outwards A/c	Expense	,	
10,	Carriage Inwards A/c			
11.	Sales A/c	Expense	70	20
12	Purchases A/c	Income	2 2 2	520
13,	Discount Received A/c	Expense	-	- 11
14.	Interest Received A/c	Income	- N - N	The same
15.	Interest Paid A/c	Income	-	30
16	Bad Debts A/c	Expense	1	
Inet	ration 4.	Loss	1	_

From the following 1:

11.	Sales A/c	Expense	1	-
12.	Purchases A/c	Income		1000
13.	Discount Received A/c	Income		,
14.	Interest Received A/c	Expense	1	
15.	Interest Paid A/c	Loss	1	1 1500
16.	Bad Debts A/c	LUSS		

## Illustration 4.

From the following list of balances, prepare a Trial Balance.
Capital A/c
Debtors A/c
Fixed Assets A/c
Sales A/c
Returns Outward A/c
Bills Payable A/c
Bank Overdraft A/c
Opening Stock A/c
Creditors A/c
Turchases A/C
Returns Inward A/c
Vages and Salaries A/c
ills Receivable A/c
ent A/c

## Solution:

Or

## TRIAL BALANCE

as on ...

Heads of Accounts	LF.	Dr. Balance (₹)	Cr Balance (7)
Capital A/C		- Constitution of the Cons	2,00,000
Debtors A/C		30,000	2,00,000
Fixed Assets A/c	15	1,92,000	377
Sales A/C			1,10,000
Returns Outward A/c		-	1,000
Bills Payable A/c		-	8,000
Bank Overdraft A/c			11,000
Opening Stock A/c		15,000	
Creditors A/c		-	30,000
Purchases A/c		70,000	444
Returns Inward A/c		2,000	-
Wages and Salaries A/c		30,000	-
Bills Receivable A/c		15,000	
Rent A/c	200	6,000	
Total		3,60,000	3,60,000

Illustration 5.

and the following Ledger balances

### Illustration 5. prepare a Trial Balance as on 31st March, 2022 from the following Ledger balances of Dimple Bros .: Computers A/C ..... 2,46,000 Capital A/c.... 2,50,000 nebtors A/C.... 20,000 Creditors A/C 22,000 Purchases A/c.... 35,000 2,00 m Sales A/C 53,000 30,00 500 1,92,000 Returns Outward A/c 1.10,000 Bills Payable A/c 4,000 Bills Receivable A/c..... 8,000 Bank Overdraft A/c.... 6.000 1,000 Cash in Hand Opening Stock A/c.... 7.500 Salaries A/c ..... 15,000 3,000

## Solution:

## TRIAL BALANCE as on 31st March, 2022

Heads of Accounts	L.F.	Dr. Balance (₹)	Cr. Balance P.
Computers A/c		2,46,000	- WILL
Capital A/c	12	##	2,50,000
Capital A/c		20,000	2,00,00
Creditors A/c			22,000
Purchases A/c	UE:	35,000	-
Sales A/c		***	53,000
Returns Outward A/c			500
Bills Payable A/c	307	-	4,000
Bills Receivable A/c		8,000	
Cash in Hand		1,000	-
Bank Overdraft A/c		***	6,000
Opening Stock A/c		7,500	
Salaries A/c		15,000	766
Rent A/c		3,000	1
Total		3,35,500	3,35,500

Illustration 6

Illustration 20. Journalise the following to	ransactions, post them in Ledger Accounts
balance them and prepare Trial Balance by	

2011		7
Apr. 1	Karan started business with cash	2,00,000
Apr. 2	Bought goods for cash	30,500
Apr. 3	Opened Bank Account with cash	50,000
Apr. 4	Sold goods for cash	40,000
Apr. 7	Bought goods from Satya on credit	30,000
Apr. 10	Sold goods to Rakesh on credit	25,000
Apr. 15	Purchased Plant and Machinery and payment is made by cheque	16,600
Apr. 19	Paid to Satya in cash	10,000
Apr. 21	Beceived loan from Anil and deposited the same into bank	8,000
Apr. 23	Goods returned to Satya	1,000
Apr. 26	Withdrew from bank for personal use	5,000
Apr. 27	Paid to Satya by cheque	8,000
Apr. 29	Received cash from Rakesh	10,000
Apr. 30	Purchased stationery by cash	200
Apr. 30	Paid wages and salaries	10,000
and the same of the same of		

## Solution

## In the books of Karan

JOURNAL

Date	Particulars	L.F.	Dr. Amount	Cr. Amount
2011 Apr. 1	Cash A/c To Capital A/c (Being the business started with capital of ₹ 2,00,000 brought in cash)		2,00,000	2,00,000

	loui	The state of the s			8.61
	Mr. D	Purchases A/c To Cash A/c Being the goods purchased for cash)	Dr.	30,500	30,500
1	W. 3	Bank A/c To Cash A/c (Being the Bank Account opened by depositing ca- into bank)	Dr.	50,000	50,000
,	API-7	Cash A/c To Sales A/c (Being the goods sold for cash)	Dr.	40,000	40,000
	Apr. 7	Purchases A/c To Satya (Being the goods purchased on credit from Satya)	Dr.	30,000	30,000
	Apr. 10	Rakesh To Sales A/c (Being the goods sold to Rakesh on credit)	Dr.	25,000	25,000
	Apr. 15	Plant and Machinery A/c To Bank A/c (Being the plant and machinery purchased by che	Dr.	16,600	16,600
	Apr. 19	Satya To Cash A/c (Being the amount paid to Satya in cash)	Dr.	10,000	10,000
0	Apr. 21	Bank A/c To Anil's Loan A/c (Being the loan from Anil received and deposited into bank)	Dr.	8,000	8,000
00	Apr. 23	Satya To Returns Outward A/c (Being the goods returned to Satya)	Dr.	1,000	1,000
00 00 00	Apr. 26	Drawings A/c To Bank A/c (Being the amount withdrawn from bank for	Dr.	5,000	5,000
00 00 00 00	Apr. 27	Personal use)  Satya To Bank A/c (Being the amount paid to Satya by cheque)	Dr.	10,000	8,000
000000000000000000000000000000000000000	Apr. 2	Cash A/c To Rakesh (Being the cash received from Rakesh)	Dr.		10,000
10		Stationery A/c To Cash A/c (Being the stationery purchased for cash)	Dr.	10,000	200
00/1	Apr. c	Wages and Salaries A/c To Cash A/c (Being the wages and salaries paid in cash)			10,000
ACE	1 7-5	Grand Total		4,44,300	4,44,300

Particulars			Folio	Amount	Date	Particulars		- 0
1 To Capital A/c 1 To Sales A/c 29 To Rakesh  10,000 Apr. 30 Apr. 30 By Bank A/c Apr. 30 By Stationery A/c Apr. 30 By Balance c/d  2,50,000  2,50,000  2,50,000  2,50,000  2,50,000  2,00,000  Apr. 1 By Cash A/c 2,00,000 Apr. 1 By Cash A/c 2,00,000 Apr. 30 By Balance c/d  2,00,000 Apr. 1 By Cash A/c 2,00,000 Apr. 30 By Balance c/d  2,00,000 Apr. 1 By Balance b/d  2,00,000 Apr. 30 By Balance c/d  30,500 Apr. 30 By Balance c/d  40,000 Apr. 30 By Balance c/d  50,000 Apr. 30 By Balance c/d  60,500	e	Particulars	Fore		2011		Folio	Arm
1 To Capital AC   40,000   Apr. 3   By Balk A/c   30.50   Apr. 30   By Stationery A/c   By Wages and   Salaries A/c   By Balance e/d   10.00   Apr. 30   By Balance e/d   2.00.000   Apr. 30   By Balance e/d   2.00.000   Apr. 30   By Balance e/d   60,500   BANK ACCOUNT   Cr. 30,500   Apr. 30   By Balance e/d   60,500   Apr. 30   By Plant and   Machinery A/c   By Drawings A/c   Apr. 27   By Drawings A/c   Apr. 27   By Drawings A/c   Apr. 27   By Balance e/d   56,000   Apr. 30   By Balance e/d   56,000   Apr. 40   By Rakesh   56,000   Apr. 40   By Rakesh   Apr.	1					By Purchases A/a	199	100
29 To Rakesh  Apr. 30 Apr. 30 Apr. 30 Apr. 30 By Stationery A/c By Wages and Salaries A/c By Balance c/d  10,000 2,50,000  1,49,300  CAPITAL ACCOUNT  CAPITAL ACCOUNT  1, 30 To Balance c/d  2,00,000 Apr. 1 By Cash A/c 2,00,000 Apr. 1 By Balance b/d  2,00,000 Apr. 30 By Balance c/d  60,500 BANK ACCOUNT  CAPITAL A		To Capital A/c	LUIR	40,000	The State of Language Control	By Bank A/c	200	an at
29 To Rakesh  Apr. 30 Apr. 30 Apr. 30 Apr. 30 By Stationery A/c By Wages and Salaries A/c By Balance c/d  2.50,000  1.49,300  CAPITAL ACCOUNT  CAPITAL ACCOUNT  2.00,000 Apr. 1 By Cash A/c 2.00,000 Apr. 1 By Cash A/c 2.00,000 Apr. 1 By Balance b/d  2.00,000  PURCHASES ACCOUNT*  Cash A/c 7 To Satya  30,500 60,500 BANK ACCOUNT  BANK ACCOUNT  Cash A/c 7 To Anil's Loan A/c 7 To Anil's Loan A/c 7 To Balance b/d  CAPITAL ACCOUNT  Cash A/c 30,000 BANK ACCOUNT  Cash A/c Apr. 20 By Plant and Machinery A/c By Drawings By Balance C/d By Drawings By Balance C/d By Drawings By	4	To Sales A/C	10.38		Apr. 19	By Satya	55	50 00
Apr. 30   By Wages and Salaries A/c   By Balance c/d   10,000   1,49,300   2,50,000   2,00,000   2,00,000   2,00,000   May 1   By Cash A/c   2,00,000   2,00,000   May 1   By Balance b/d   2,00,000   2,00,000   2,00,000   May 1   By Balance b/d   2,00,000   2,00,	29	To Rakesh	pith.	ALLES OF	Apr. 30	By Stationery A/a	100	10,050
To Balance b/d   Apr. 30   By Balance c/d   1000   1.49,300   2.50,000   2.50,000   2.00,000   2.		Acres 1		S 2245 183	Apr. 30	By Wages and	Toll	500
1 To Balance b/d   2,50,000   1,49,300   2,50,000   2,00,000   2	-	I I				Salaries A/c	1750	
To Balance b/d		A COLUMN TO THE PARTY OF THE PA	-0	1000	Apr. 30	By Balance c/d	100	10,000
To Balance b/d		1 199		2,50,000	III NAME OF		E UP	3,500,000
CAPITAL ACCOUNT    1		1000		1 10 000	DAIS HOT	AUGUST STREET	1	<.50 DV
CAPITAL ACCOUNT   Cr   2,00,000   Apr. 1   By Cash A/c   2,00,000   2,00,000   May 1   By Balance b/d   2,00,000   2,00,000   May 1   By Balance b/d   2,00,000   2,00,000   May 1   By Balance b/d   2,00,000   2,00,000   Cr   Cr   Cr   Cr   Cr   Cr   Cr	y 1	To Balance b/d	100	1,49,300			-91	
1   2,00,000   2,00,		1 2 1 1 1		CAPITAL A	CCOUNT			
30 To Balance old   2,00,000   Apr. 1   By Cash A/c   2,00,000   2,00,000   2,00,000   2,00,000   2,00,000   2,00,000   2,00,000   2,00,000   2,00,000   2,00,000   2,00,000   2,00,000   2,00,000   2,00,000   2,00,000   2,00,000   2,00,000   2,00,000   4,00,000					THE RESERVE OF THE PERSON NAMED IN	COA SOLUTION		0
2,00,000   May 1   By Balance b/d   2,00,000	11	To Dalance old	63-	90.0	ACT TO ACT AND ADDRESS OF THE PARTY OF THE P	By Cash A/c	100	200
PURCHASES ACCOUNT*  1. 2 To Cash A/c 30,500 30,000 60,500 70 To Satya 80,500 60,500 80	. 30	10 Damine or	and the	-	Manage	Station bon with an	100	
PURCHASES ACCOUNT*  1 2 To Cash A/c 30,500 Apr. 30 By Balance c/d 60,500		16 60	8000	8,00,000	- 133		11/10	2,00,000
PURCHASES ACCOUNT*  1 2 To Cash A/c 30,500 30,000 60,500 6		L BOSEPH .	180		May 1	By Balance b/d	17	2,00,000
2011   Apr. 30   By Balance c/d   60,500		William Road	nu.	DOUACEC	ACCOUNT	on the second	mhi	
To Cash A/c   30,500   Apr. 30   By Balance c/d   60,500   60,50			PU	HUMADED				Cr.
To Satya   30,000   60,500   50,500	1			20.500		D. D. A. (1981)	120	1
## To Balance bid  ## BANK ACCOUNT  ## 2011  ## 3 To Cash A/c  ## 2011  ## 50,000  ## Apr. 15 By Plant and Machinery A/c  ## Apr. 26 By Drawings A/c  ## Apr. 27 By Satya  ## Apr. 30 By Balance c/d  ## 58,000  ## SALES ACCOUNT*  ## 30 To Balance c/d  ## SALES ACCOUNT*  ## 30 To Balance c/d  ## 30 To Balance		100000000000000000000000000000000000000	1000		Apr. 30	By Balance c/d	200	60,500
BANK ACCOUNT    1	-	10 батуа	1	-			0115	- SUNGO
BANK ACCOUNT    1		DOLLAR PROPERTY.	(C)	60,500			1000	60,500
To Cash A/c 21 To Cash A/c 7 21 To Anil's Loan A/c 8,000 8,000 Apr. 26 Apr. 27 Apr. 30 By Plant and Machinery A/c Apr. 26 Apr. 27 By Satya Apr. 30 By Balance c/d  SALES ACCOUNT*  SALES ACCOUNT*  CASH A/c Apr. 4 Apr. 10 By Cash A/c By Cash A/c By Cash A/c By Rakesh  65,000 65,000	y 1	To Balance b/d		60,500	1.15		15.00	34.00
To Cash A/c 21 To Cash A/c 7 21 To Anil's Loan A/c 7 2011 Apr. 15 By Plant and Machinery A/c Apr. 26 Apr. 27 By Satya Apr. 30 By Balance c/d  SALES ACCOUNT*  SALES ACCOUNT*  CA Apr. 4 Apr. 10 By Cash A/c By Cash A/c By Cash A/c By Cash A/c By Rakesh  65,000 65,000		MAN -	707			Distriction of the said		
To Cash A/c To Anil's Loan A/c  So,000 So,00	_	1 10 10 10 10 10				W 200	1	Cr.
1   Solution   Solut	e. 3	To Cash Ale		1000	CONTRACTOR OF THE PARTY OF THE	unalers a management		3
Apr. 26 Apr. 27 By Drawings A/c By Satya By Balance c/d 58,000 28,400 58,000 58	r. 21	To Anii's Loan Air		227722222	Apr. 15		100	10000
Apr. 27 Apr. 30 By Satya By Balance c/d 26,400  SALES ACCOUNT*  SALES ACCOUNT*  Grant Apr. 4 Apr. 10 By Rakesh  65,000 Apr. 4 By Cash A/c By Rakesh  65,000 Apr. 10 By Rakesh  65,000 Apr. 10 By Rakesh		Today 700	100	8,000	ALC: NO		-	
To Balance b/d   SALES ACCOUNT*   SALES ACCOUNT*   CAST   Section   Sectio			1000	43000		By Drawings A/c	1	
To Balance b/d   58,000   58					American I	Charles and the Control of the Contr		8,000
SALES ACCOUNT*  SALES ACCOUNT*  CALES ACCOUNT*  GEORGIA Apr. 4  Apr. 10  By Rakesh  65,000  65,000  Apr. 10  By Rakesh  65,000		Dr. Continued						700 400
SALES ACCOUNT*  SALES ACCOUNT*  65,000  Apr. 4 Apr. 10  By Rakesh  65,000  65,000		Was Park		T0.000				100000000000000000000000000000000000000
SALES ACCOUNT*  Comparison of the control of the co	w 1	To Balanca has		58,000			100	
SALES ACCOUNT*  C. 30 To Balance c/d  SALES ACCOUNT*  C. 2011  Apr. 4  Apr. 10  By Rakesh  65,000  65,000	iy 1	To Balance b/d	200			By Balance c/d		100000000000000000000000000000000000000
30 To Balance o/d 2011 65,000 Apr. 4 By Cash A/c 40,000 25,000 By Rakesh 65,00	ıy 1	To Balance b/d				By Balance c/d	The state of	100000000000000000000000000000000000000
65,000 Apr. 4 By Cash A/c 8y Rakesh 25,000 65,00	11	200		28,400	Apr. 30	By Balance c/d		58,000
65,000 Apr. 10 By Rakesh 25,00 65,00	11	200		28,400	Apr. 30	By Balance c/d		58,000
65,000	11	200		28,400 SALES AC	Apr. 30  COUNT*	By Balance c/d		58.000
The state of the s	11	200		28,400 SALES AC	Apr. 30  COUNT*  2011  Apr. 4	By Balance c/d		58,000
May 1 Duran com	11	200		28,400 SALES AC 65,000	Apr. 30  COUNT*  2011  Apr. 4	By Balance c/d	THE REAL PROPERTY AND ADDRESS OF THE PERSON NAMED IN COLUMN TWO PERSON NAME	58,000 40,000 25,000
	11	200		28,400 SALES AC 65,000	Apr. 30  COUNT*  2011  Apr. 4	By Balance c/d	THE REAL PROPERTY.	58,000 40,000 25,000

Or .	SATY	A		-
Dr.	*	2011		Cr
2011 Apr. 19 To Cash A/c	10,000	Apr. 7	By Purchases A/c	20,000
	700	102	TO SECURITY OF	30,000
Apr. 23 Outward A/c	1,000	-		A STATE
Apr. 27 To Bank A/c	11,000	MIN.	1000	S ST Buch
Apr. 30 To Balance c/d	30,000	100000		The state of the s
No company	55,550	DAC ONV	DS OWN	30.000
	1000	May 1	By Balance b/d	11,000
Dr.	RAKE	SH		Cr.
2011	₹	2011	3 No.	The real
Apr. 10 To Sales A/c	25,000	Apr. 29	By Cash A/c	10,000
A sympton make	Salto Assault, B	Apr. 30	By Balance c/d	15,000
BUT THE PROPERTY WELL	25,000	かの意識を	Chief Ton Hood To Are the	25,000
May 1 To Balance b/d	15,000	1259		
Shirt and County	The said the said	NEW AC	COLUMN TO SERVICE STATE OF THE PARTY OF THE	Ci
Dr.	PLANT AND MACHI	The second second	COUNT	-
2011	7	2011	D. Delanes ald	16,600
Apr. 15 To Bank A/c	16,600	Apr. 30	By Balance c/d	-
A STATE OF THE PARTY OF THE PAR	16,600	19		16,60
May 1 To Balance b/d	16,600		W. T. S. W.	1919
Dr. 1000.bs	ANIL'S LOAN	ACCOUN	T and and	C
	5	2011		THE PERSON NAMED IN
2011 Apr. 30 To Balance c/d	8,000	Apr. 21	By Bank A/c	8,00
Apr. 30 TO Balance Gru	8,000	1000	FEMALES IN COLUMN	8.00
1 20 21	8,000		Du Dalance hid	8,00
200		May 1	By Balance b/d	0,04
Dr.	RETURNS OUTW	ARD ACC	OUNT*	0
2011	7	2011		
Apr. 30 To Balance c/d	1,000	Apr. 21	By Satya	1.0
	1,000			1.0
AND REAL PROPERTY.	Carlotte Committee	May 1	By Balance b/d	1,0
		State of the last		
Dr.	DRAWINGS		To the second	
2011	7	2011	Du Determone/d	5,0
Apr. 26 To Bank A/c	5,000	Apr. 30		
P. Samet of	5.000	-	-	5,0
May 1 To Balance b/d	5,000			242
Tra mainting the		"		W. Carolina

8.64 Dr. STA	TIONARY	ACCOUNT	Journal a	
2011 Apr. 30 To Cash A/c	200	2011 Apr. 30	By Balance c/d	Cr. 200
To the second se	200	855 Pale	Tarricology #10 all	200
May 1 To Balance b/d	200	600.8711	10 mm 34 m	
Dr. WAGES	AND SALA	RIES ACC	OUNT*	0
THE RESERVE THE PERSON NAMED IN COLUMN 2 I	L.VIII.	2011	5 64 4	
	10,000	Apr. 30	By Balance c/d	10,00
Apr. 30 To Cash A/c	10,000	Apr. 30	By Balance c/d	10,00

<sup>\*</sup> Nominal Accounts (Purchases Account, Sales Account, Return Outwards Account, Stationery Account, Wages and Salaries Account) are not balanced but are closed at the end of the year by transfer to Profit and Loss Account. They have been balanced only for the purpose of showing them in the Trial Balance.

9	TRIAL	In the Books of Karan BALANCE (BALANCE MET as at 30th April, 2011	HOD)	el A Veni	NP III
S.No.	Name of Account	All Allers and the	L.F.	Dr. Totals ₹	Cr. Tota
1.	Cash A/c Capital A/c		8/	1,49,300	2,00,0
		• 232 •			

Jo	ournal and Ledger		8.65
	Purchases A/c	1 00 000 1	
3.	Bank A/c	60,500	
4	Sales A/c	28,400	
, 5	Satya A/c	In the later with	65,00
6.	Rakesh A/c		11,00
7.	THE RESERVE AND ASSESSMENT OF THE PARTY OF T	15,000	
8.	Plant and Machinery A/c	16,600	Till and
9.	Anil's Loan A/c	The state of the s	8,0
10.	Return Outward A/c		1,0
11.	Drawings A/c	5,000	
12	Stationery A/c	200	The mat
13.		10,000	
	LIVEROL.	2,85,000	2,85,0

and 30 Paid Casil Into Dank

Journalise the above transactions and post them to the Ledger.

7. Following balances exist in the books of Ashok, Delhi on 1st April, 2022:

Assets: Cash ₹ 50,000; Stock ₹ 30,000; Debtor—Ram ₹ 50,000; Machinery ₹ 60,000.

Liabilities: Creditor—Rajesh ₹ 30,000.

The following transactions took place in April, 2022:

2022			₹.
April	4	Sold goods for cash	7,000
April	6	Goods returned by Ram	1,000
April	10	Purchased goods from Rajesh of list price ₹ 10,000 for	9,000
April	15	Bought goods of list price of ₹ 15,000 from Rakesh less 10% trade discount	
		and 5% cash discount and paid 40% of amount immediately	
April	20	Paid to Rajesh in settlement of his account	38,600
April	25	Paid for the life insurance premium of the proprietor	500
April	30	Received commission	2,000

Pass Journal entries for the above transactions, post them into the Ledger and prepare the Trial Balance as on 30th April, 2022. [Trial Balance Total—₹ 1,77,770.]

### Q.7 Solution:

#### In the Books of Ashok

**JOURNAL** 

Date		Particulars		LF.	Dr. (%)	Cr. (₹)
2021 April	1	Cash A/c Stock A/c Ram Machinery A/c To Rajesh To Capital A/c (Note) (Being an opening entry passed)	Dr Dr Dr Dr		50,000 30,000 50,000 60,000	30,000 1,60,000
April	4	Cash A/c To Sales A/c (Being the goods sold for cash)	"Dr.		7,000	7,900
April	6	Sales Return A/c To Ram (Being the goods returned by Ram)	_Dr.		1,000	1,000
April	10	Purchases A/c To Rajesh (Being the goods purchased on credit)	_Dr.		9,000	9,000
April	15	Purchases A/c To Cash A/c To Discount Received A/c To Rakesh (Being the goods purchased)	_Dr.		13,500	5,130 270 8,100
April	20	Rajesh To Cash A/c To Discount Received A/c (Being the amount paid to Rajesh)	_Dr.		39,000	38,600 400
April	25	Drawings A/c To Cash A/c (Being the life insurance premium paid)	"Dt		500	500
April	30	Cash A/c To Commission A/c (Being the commission received)	_Dr.		2,000	2,000

Note: The excess of assets over liabilities is the proprietor's capital and is credited to his Capital Account.

Dr.				CASHA	CCOUNT			Cr.
Date	9	Particulars	JF.	3	Date	Particulars	J.E.	
2021 April April April		To Balance b/d To Sales A/c To Commission A/c		50,000 7,000 2,000	2021 April 15 April 20 April 25 April 30	By Purchases A/c By Rajesh By Drawings A/c By Balance c/d		5,130 38,600 500 14,770
				59,000	Produces	W. C.		59,000
May	1	To Balance b/d		14,770				

Dr.			STOCKA	VCCOUNT			Cr
Date	Particulars	15.		Date	Particulars	JF.	
2021 April	To Balance b/d		30,000	2021 April 30	By Balance c/d		30,000
May	To Balance bld	1	30,000				
Dr.			R	AM			O
Date	Particulars	J.E.	₹	Date	Particulars	3.6	3
2021 April	To Salance b/d		50,000		By Sales Return A/c By Balance c/d		1,000
			50,000		100 m		50,000
May	To Balance bld		49,000				
Dr.			MACHINER	Y ACCOUNT			Cr
Date	Particulars	35.	*	Date	Particulars	J.F.	. ₹
2021 April	To Balance b/d		60,000 60,000	2021 April 30	By Balance c/d		60,000
May	To Balance b/d		60,000				
Dr.			.RA.	IESH			Cr
Date	Particulars.	LF.		Date	Particulars	J.F.	₹
	To Cash A/c To Discount Received A/c		38,600 400 39,000		By Balance 6/d By Purchases A/c		30,000 9,000 39,000
Dr.			SALES A	CCOUNT			Cr
Date	Particulars	J.F.	7	Date .	Particulars	J.F.	
2021 April 34	To Balance c/d		7,000 7,000	2021 April 4 May 1	By Cash A/c By Balance b/d		7,000 7,000 7,000
Dr.	**	_	CAPITAL	ACCOUNT			Cr
Date	Particulars	15.	ŧ	Date	Particulars	J.F.	₹
2021 April 30	To Balance c/d		1,60,000 1,60,000		By Balance b/d By Balance b/d	0,500	1,60,000
Dr.			DAY	KESH			Cr
Date	Particulars	J.F.	ŧ	Date	Particulars.	1E.	*
2021	To Balance c/d		8,100 8,100	2021	By Purchases A/c		8,100
		-	30,000	May 1	By Balance b/d	1	8,100

Dr.		1)	SALES RETU	RN ACCOUN	Ť		Cr
Date	Particulars	J.E.	7	Date	Particulars	J.F.	- 7
2021				2021			
April 6	To Ram		1,000	April 30	By Balance c/d		1,000
			1,000				1,000
May 1	To Balance b/d		1,000				
Dr.		DIS	COUNT REC	EIVED ACCO	UNT		Cr
Date	Particulars	IF.	₹	Date	Particulars	J.F.	*
2021 April 30	To Balance c/d		670	2021 April 15 April 20			270 400
			670				670
			-	May 1	By Balance b/d		670
Dr.			DRAWING	S ACCOUNT	<u> </u>		G
Date	Particulars	J.F.	- 7	Date	Particulars	J.F.	*
2021 April 25	To Cash A/c		500	2021 April 30	Balance c/d		500
		-	500				500
May 1	To Balance b/d		500				
Dr.			COMMISSIC	N ACCOUNT	r:		Cr
Date	Particulars	J.F.	*	Date	Particulars	J.F.	Ψ.
2021 April 30	To Balance c/d		2,000	2021 April 30	By Cash A/c		2,000
		-	2,000		100 M	1 1	2,000
				May 1	By Balance b/d		2,000
Dr.			PURCHASE	5 ACCOUNT			C
Date	Particulars	JE	*	Date	Particulars	J.F.	*
2021 April 10	To Rajesh		9,000	2021 April 30	By Balance c/d		22,500
April 15 April 15	To Discount Received A/c To Cash A/c To Rakesh		270 5,130 8,100	79.			-
13	TO TORCOTT	-	22,500				22,500
May 1	To Balance b/d	1	22,500				-90,000
May 1	TO Detaine ord		157,500				

### TRIAL BALANCE as on 30th April, 2021

S. No.	Particulars	LF.	Dr. Balance (₹)	Cr. Balance (₹)
1.	Cash A/c		14,770	720
2.	Stock A/c		30,000	-
3.	Ram		49,000	
4.	Machinery A/c		60,000	
5,	Sales A/c			7,000
6.	Capital A/c			1,60,000
7. 8.	Rakesh			8,100
8,	Sales Return A/c		1,000	244
9,	Discount Received A/c		540	670
10.	Drawings A/c		500	-
11.	Commission A/c			2,000
12.	Purchases A/c		22,500	127
	Total		1,77,770	1,77,770

III.LUGARUMAN ...

Record the following transactions in the Journal, post them in the Ledger, balance the accounts and prepare a Trial Balance.

2012 April 1 Mr. Anil opened a wholesale grain shop with ₹ 4,00,000 cash, ₹ 8,00,000, as bank balance, stock ₹ 9,00,000 and furniture worth ₹ 1,00,000.

- Appointed Mr. Bhiku Ram as cashier on a salary of ₹ 3,000 per month and gave an advance of ₹ 1,000 to him.
  - 3. Bought goods from local market for ₹ 2,00,000 and sold them at a profit of ₹ 10,000.
- 5. Paid to landlord rent of the month by cheque \$ 5,000.
- Bought from M/s Gupta & Sons goods of the total value of ₹ 5,00,000 and paid ₹ 2,00,000 them by cheque.
- Goods worth ₹ 3,00,000 were purchased in an auction sale from Aggarwal Brothers and paid ₹ 30,000 in eash.
- 15. Paid for the goods bought at auction on 12th April by cheque for the balance.
- Sold goods on credit to A Subramanium of Chennai for ₹ 2,00,000 and paid ₹ 4,000 for freight and ₹ 1,000 for insurance. These expenses are to be collected from A. Subramanium.
- 24. Deposited cash in the bank₹ 1,50,000.
- 28. Withdrawn from bank for office use ₹ 50,000 and for private use ₹ 10,000.
- 30. Mr. Bhiku Ram, the cashier, resigned and his dues were paid.

### JOURNAL OF ANIL

Date	Particulars	L.F.	Dr. (₹)	Cr. (1)
2012	days ben, Marty was	- 10	and the second	
April 1	Cash A/c Dr.	F66.9	4,00,000	
	Bank A/c Dr.	1	8,00,000	
	Stock A/c Dr.		9,00,000	
	Furniture A/c Dr.	100 A	1,00,000	
	To Capital A/c	1900	100000	22,00,000
	(Being the commencement of business by the bringing the aforesaid assets)	1001	NA See S	
Sol.	Salaries Paid in Advance A/c Dr	216	1,000	
	To Cash A/c	KI BHYA	(I) and (I)	1,000
	(Being the salary paid in advance to the cashier)	SVA	Soliena A	T. K.
. 3	Purchases A/c Di	Salt -	2,00,000	2,00,000
	To Cash A/c (Being the purchase of goods for cash)	100	this provide	2,00,000

TAXMANN® .

	(Being salaries paid to the cashier after	To Salary Paid in Advance A/c	To Cash A/c	Salaries A/c Dr.	(Being cash withdrawn from bank)	To Bank A/c	Drawings A/c Dr.	Cash A/c Dr.	(Being cash deposited in the bank)	To Cash A/c	Bank A/c Dr.	(Being goods sold on credit and cash paid on his behalf for insurance and freight)	To Cash A/c		A. Subramanium A/c Dr.	(Being the payment made by cheque)	To Bank A/c	Aggarwal Brothers A/c Dr.	(Being purchase of goods and paid in part)	To Aggarwal Brothers A/c	To Cash A/c	Purchases A/c Dr.	(Being the purchase of goods and paid in part)	To Gupta & Sons A/c	To Bank A/c	Purchases A/c Dr.	(Being the rent paid for the month)	To Bank A/c	Rent A/c Dr.	(Being the sale of goods for cash)	To Sales A/c	Dr.
	TO COM	Marina V	SHAME AND PERSONS NAMED IN	3,000	The Company	STEELS. N	10,000	50,000	Truck or	Thursday.	1,50,000				2,05,000	NIET WALL		2,70,000	The Part of	CONTRACTOR OF THE	nout spend	3,00,000	TO MINISTER	The same	Street Seed of	5,00,000		A STATE OF THE PARTY OF THE PAR	5,000	Total State		2,10,000
1		1000	2,000		Monte	60,000			l	1,50,000		No. of Lot	5,000	2,00,000			2,70,000	Sec. Dies	1	2,70,000	30,000		Tool I	3,00,000	2,00,000			5,000		Anna	2.10 non	Witness

Dr.	Particulars	J.F.	2	Date	Particulars	J.F.	3
Date	STATE OF BRIDE	17.119	W-1200	2012	A LIVE TO STATE OF THE PARTY OF	OTHER DE	DEC 2
2012	To Capital Account		4,00,000	April 1	By Salaries Paid in	Herri	
	To Sales Account	iuge	2,10,000	Marin	Advance Account		1,000
	To Bank Account		50,000	* 3	By Purchases A/c		2,00,000
	B2000		5105	- 12	By Purchases A/c		30,000
100	10 Te 10 14 Me	0.4	Library.	20	By A. Subramanium A/c	0	5,000
MALEST .		III or	-	* 24	By Bank Account		1,50,000
BOTTON!		Po B	O BROT	* 30	By Salaries Account		2,000
3554		1111		* 30	By Balance c/d		2,72,000
		ava	6,60,000	2000			6,60,000
May 1	To balance b/d		2,72,000	1 3	D. The Street Street on		1
50	7000	MILE	BANK A	CCOUN	r		
Dr.	Particulars	J.E		Date	Particulars	J.F.	3
2012	PHILAMOTO	-	2000	2012			1230
	To Capital Account	1	8,00,000	April 5	By Rent Account		5,00
April 1 April 24	To Cash Account	790	1,50,000	8	By Purchases A/c	4	2,00,00
nguu 24	10 Cash Account		12.000.00	• 15	By Aggarwal Brothers A/c	1	2,70,0
		50	P. A. S. S. S. S.	* 28	By Cash Account	and	50,0
Party.		100	Tor Most	- 28	By Drawing A/c	10	10,0
			1	- 30	By Balance c/d	HI/O	4,15,0
100	and the same of		122222	TOWN COME.	Dy Danistee Stra	HID	9,50,0
May 1	Language Manager	1 9	9,50,000		A RESIDENCE AND A STATE OF THE PARTY OF THE	40	
A.	To Balance b/d		4,15,000	1000000			
Dr.	Thirth same bids I		STOCK	ACCOU	The second secon	J.	E 3
Date 2012	Particulars	J.F.	*	Date	Particulars	100	
April 1	The state of the s			2012	201 200344	1117	9,00,
	To Capital Account		9,00,000	April 30	By Balance c/d		7,00
May 1	To Balance b/d		9,00,000		The same		

r.		FUE	RNITURE	ACCOU	NT		
Date	Particulars	J.F.	100 2000	Date	Particulars	I.E.	Gr.
2012 April 1 May 1	To Capital Account To Balance b/d	F 48	1,00,000	2012	By Balance c/d		1,00,000
Dr.	militarionsia	c	APITAL A	CCOUN	T months		Cr.
Date	Particulars	J.F.	1	Date	Particulars	J.F.	2
100135	To Balance c/d	100	22,00,000	2012 April 1	By Cash A/c By Bank A/c		4,00,000 8,00,000
	Party of pink	in 15	22,00,000		By Stock A/c By Furniture A/c		9,00,000 1,00,000 22,00,000
	To Assess to		22,00,000	DELIKA	By Balance b/d		22,00,000
Dr.	SALAR	ES I	PAID IN A	DVANC	E ACCOUNT	THE REAL	Cr.
Date	Particulars	J.F.	1	Date	Particulars	J.F.	1
2012 April 1	To Cash Account		1,000	2012 April 30	By Salaries Account		1,000
Dr.	- damak	PU	RCHASE	S ACCO	UNT	D (1)	Cr.
Date	Particulars	J.F.	77	Date	Particulars	J.F.	3
2012 April 3	To Cash Account To Bank Account To Gupta & Sons A/c	0.00	2,00,000 2,00,000 3,00,000 30,000		By Balance c/d		10,00,000
May 1	A/c Balance b/d		2,70,000 10,00,000 10,00,000	139m	Bull State	10	10,00,000
Dr.	DOM: SOME		SALES A	CCOUN	T		Cr
Date	Particulars	J.E.	1 *	Date	Particulars	J.F.	t
2012 April 30			4,10,000	2012	By Cash Account By A. Subramanium A/c		2,10,000
	1		4,10,000	-	A/C		4,10,000

	, ACCOUNT				L AND LEDGER		4.
Dr.	WEGULITIONS	- 3	RENT AC	COUNT			
Date	Particulars	J.E.	1	Date	Particulars	J.E.	- 2
2012 April 5	To Bank Account		The second secon	2012 April 30	By Balance c/d		5,0
May 1	To Balance b/d	restable	5,000		DEC. STATEMENT		-
Dr.	TOURDER!	GUP'	TA & SON	IS ACCO	DUNT		
Date	Particulars	J.F.	7	Date	Particulars	J.F	2
2012	and the same of th		September 1	2012	halde to meteral la	100	X
April 30	To Balance c/d	100	3,00,000	April 8	By Purchases Account	100	3,00,0
1000		1		May 1	By Balance b/d	100	3,00,
Dr.	AGG	ARW	AL BROT	HERS	ACCOUNT		
Date	Particulars	J.F.	- 2	Date	Particulars	J.E.	
2012	Link Olomback	000	200	2012	- musik ga	District.	.01
April 15	To Bank Account		2,70,000	April 12	By Purchases Account	20	2,70
STORES.			Annual Indiana		and the second second	naise	
Dr.		DH	LAWINGS	ACCOU	UNT		
Date	Particulars	J.F.	-	Date	Particulars	J.F.	3
2012			alon i	2012			
April 24	To Bank Account	100	10,000	April 30	By Balance c/d		10
May 1	To Balance b/d	1 2	10,000		CONTRACTORS	ADIT	120
	2			TIME AC	COUNT	1	10)
Dr.	i lo stedif noomer A	SUL	SKAMAN	the second	AND DESCRIPTION OF THE PERSON NAMED IN COLUMN 1	114	THE REAL PROPERTY.
Date	Particulars	J.F.		Date	Particulars	J.E.	HIE
2012	cho some although the	mitt	n.for to	2012	neigh per sales sal		2,0
April 20	To Sales Account	row i	2,00,000	April 30			2,0
	To Cash Account	E222.10	5,000	angles.	les larmot must		20
-			2,05,000		corner gal-udol a	and profes	2,0
May 1	To Balance b/d		2,05,000	4-1-11	Charles Post State	S. Hilli	1 33
Dr.	Special Comme	S	ALARIES	ACCO	UNT		
Date	Particulars			Date	Particulars	J.1	3
2012		J.F.	1	2012	lampol material	4/10	115
April 30	To Cash Account		2,000	W 100 5 5 5 7 1	By Balance c/d	20 20	43
	To Salaries Paid in	1-1-	214.84	C. S. C.			
April 30	Adv. A/c		1,000				
April 30	ALC: LIGHT PARTS						
14.1.30			3,000				

## ACCOUNTING PROCESS: JOURNAL AND LEDGER

### TRIAL BALANCE

as on 30th April, 2012

S. No.	Particulars L.F.	THE PERSON NAMED IN COLUMN TWO	Cr. (?)
1.	Cash Account	2,72,000	
2.	Bank Account	4,15,000	
3.	Stock Account	1,00,000	
4.	Furniture Account	1,00,000	22,00,000
5.	Capital Account	10,00,000	
6.	Purchases Account	10,00,000	4,10,000
7.	RESERVE STATE OF THE PROPERTY	5,000	
8.	Rent Account	and the second	3,00,000
- 9.		10,000	
10.		2,05,000	
11		3,000	
12	Salaries Account Total	29,10,000	NAME AND ADDRESS OF THE OWNER, WHEN

## QUESTIONS

THEORETICAL QUESTIONS

# OBJECTIV

1. Wheth

(a)

(b)

(c)

(d) (e)

Ans. [T