

Ledger

Ledger- Meaning, Posting and Balancing of Ledger Accounts

Objectives

After going through this lesson, you shall be able to understand the following concepts.

- Meaning of Ledger
 - Difference between Journal and Ledger
 - Format of Ledger
 - Steps to Prepare Ledgers
 - Posting in Ledgers and Balancing

Introduction

Ledger is the next stage after Journal. After recording all the entries in the Journal, next step is the posting of the transaction in the respective accounts. These accounts are collectively known as Ledgers.

Meaning of Ledger

A ledger is a collection of different accounts of assets, liabilities, capital, revenue and expenses. After recording transaction in the Journal (book of original entry), these are transferred to their respective ledger accounts. Ledgers are the final place of all the transactions; therefore, they are also known as "Books of Final Entry".

Uses/Utility of Ledger

1) One stop destination for all the information of an account: All the transactions pertaining to a particular account are recorded in its respective ledger account. Hence, a complete picture of the account can be drawn by looking at one place in the ledger.

2) Revenue Stream and Expenses Incurred: Since a separate account is maintained for every revenue and expense item, therefore a firm can track them during the year to check for its total income and expenses. For example: Sales account, rent account, etc.

3) Helps in Preparing Trial Balance: A trial balance is a statement wherein all the debit and credit balances from the ledger accounts are recorded. It must balance i.e. the total of debit and credit balances must match for ensuring the arithmetic accuracy of the accounts. Hence, ledger accounts provide the required information for its preparation.

4) Preparation of Final Accounts: Once the trial balance has been prepared, final accounts are drawn in the books to know about the financial position and profitability of the business. They form a part of the annual report of the firm and

communicate vital information about the performance of the firm to the stakeholders.

Advantages of Ledger

Ledgers have the following advantages.

- (1) Detailed information of all accounts is maintained in a single book.
- (2) Any type of information related to business can be obtained from the Ledger, such as amount owed by customers, amount owed by the firm to its creditors, amount of purchases or sales by the firm.
- (3) It helps in identifying the main items of revenue.
- (4) The items of expenses can be identified from the ledgers.
- (5) It helps in identifying assets & liabilities and their value.
- (6) Ledger balances help in preparation of Trial Balance which helps in ascertaining the arithmetical accuracy of accounts.
- (7) It enables preparation of Final Accounts.

Difference between Journal and Ledger

Following are the main differences between a Journal and a Ledger.

Basis		Journal	Ledger
(1)	Type of book	Book of Original Entry	Book of Final Entry
(2)	Prepared	It is prepared from the source documents	It is prepared from the Journal
(3)	Objective	Recording all the transactions at one place in chronological order	After recording, all the transactions are posted to their respective accounts.
(4)	Stage	It is the first stage of recording a transaction.	It is the second stage that comes

			after recording in Journal
(5)	Narration	Narration is a part of each entry	No narration is written
(6)	Balancing	Balancing is not done in Journal	Ledgers accounts are balanced
(7)	Preparation of Final Accounts	Final Accounts cannot be prepared on the basis of Journal	Final Accounts are prepared on the basis of Ledgers.
(8)	Test of Accuracy	Accuracy of Journal cannot be tested	Its accuracy can be tested by preparation of Trial Balance
(9)	J.F/L.F.	Page Number of Ledger i.e. Ledger Folio (L.F.) is written in this book	Page Number of Journal or Subsidiary books i.e. Journal Folio (J.F.) is written in Ledger

Format of Ledger

Name of the Account							
Dr.							Cr.
Date	Particulars	J.F.	Amount (Rs)	Date	Particulars	J.F.	Amount (Rs)

Each ledger account is divided into two parts, the left hand side is called Debit side and the right hand side is the Credit side. There are four columns on each side of an account:-

(1) Date: The date on which the transaction took place.

(2) Particulars: As books are maintained on Double Entry System, each transaction affects two accounts. The name of the other account affected is written in this column.

(3) Journal Folio (J.F.): The page number of the Journal or the Subsidiary Book from which the particular entry is transferred is written in this.

(4) Amount: The amount pertaining to this account is entered in this column.

Posting of a transaction

Posting of a transaction is done by transferring the recorded transaction (*from journal*) to the concerned accounts. These accounts are collectively known as ledgers, therefore, posting of a transaction in their respective accounts is also termed as ledger posting. By posting all the transactions in their respective ledger accounts, we will be able to know the position of a particular account during the period as a result of *net effect* of various transactions.

Steps involved in posting the transaction from Journal to Ledgers

Every ledger account has two sides *i.e. Debit side on the Left Hand and Credit side on the Right Hand*. Following are the steps involved in posting a transaction from Journal to Ledger.

(1) First identify the account which is debited in the transaction (*in journal*). Now, ***all the details are recorded on the debit side (or left side) of this account.***

(2) Write the date of transaction under the date column (*on the debit side of the account*).

(3) Write the name of account which is credited in the Journal {as (Name of account)} under the Particulars column (*on the debit side*).

(4) Write the page number of Journal in the folio column (*on the debit side*).

(5) Record the amount in the amount column which is standing against the account credited in the Journal.

(6) Now, proceed to the account that is credited in the transaction (*in journal*).
Now, ***all the details are recorded on the credit side (or right side) of this account***

(7) Write the date of transaction under the date column (*on the credit side of the account*).

(8) Write the name of account which is debited in the Journal{ as
(Name of account) Dr.} under the Particulars column (*on the credit side*).

(9) Write the page number of Journal in the folio column (*on the credit side*)

(10) Record the amount in the amount column which is standing against the account debited in the Journal.

Example Post the following transaction in their respective ledgers.

Journal Pg no. 07					
Date	Particulars		L.F.	Debit Amount (Rs)	Credit Amount (Rs)
2013					
April 15	Rajesh	Dr.	05	10,000	
	To Sales A/c				10,000
	(Goods sold to Rajesh on credit)				

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Step 1: Account debited in the above transaction is Rajesh's Account. So, first we prepare Rajesh's Account and since it is debited, therefore, on its debit side we record all the details of the transaction.

Rajesh Account							
Dr.							Cr.
Date	Particulars	J.F.	Amount (Rs)	Date	Particulars	J.F.	Amount (Rs)

Step 2: Write the date of transaction on the debit side (or the left side) in the date column.

Rajesh Account							
Dr.							Cr.
Date	Particulars	J.F.	Amount (Rs)	Date	Particulars	J.F.	Amount (Rs)

2013							
April 15							

Step 3: Write the name of the account which is credited in the Journal (*i.e. Sales A/c*) under the Particulars column (*on the debit side*).

Rajesh Account							
Dr.							Cr.
Date	Particulars	J.F.	Amount (Rs)	Date	Particulars	J.F.	Amount (Rs)
2013							
April 15	Sales A/c						

Step 4: Write the page number of Journal *i.e. 07* in the J.F. column (*on the debit side*).

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Rajesh Account							
Dr.							Cr.
Date	Particulars	J.F.	Amount (Rs)	Date	Particulars	J.F.	Amount (Rs)
2013							
April 15	Sales A/c	07					

Step 5: Record the amount (*Rs 10,000*) in the amount column which is standing against the account credited (*i.e.* Sales A/c) in the Journal.

Rajesh Account							
Dr.							Cr.
Date	Particulars	J.F.	Amount (Rs)	Date	Particulars	J.F.	Amount (Rs)
2013							
April 15	Sales A/c	07	10,000				

Step 6: Now, take up the account which is credited in the transaction.

Sales Account							
Dr.							Cr.
Date	Particulars	J.F.	Amount (Rs)	Date	Particulars	J.F.	Amount (Rs)

Step 7: Write the date of transaction on its credit side (or right side) in the date column.

Sales Account							
Dr.							Cr.
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount

			(Rs)				(Rs)
				2013			
				April 15			

Step 8: Write the name of the account which is debited in the Journal (*i.e.* Rajesh) on the credit side of Sales Account.

Sales Account							
Dr.							Cr.
Date	Particulars	J.F.	Amount (Rs)	Date	Particulars	J.F.	Amount (Rs)
				2013			
				April 15	Rajesh		

Step 9: Write page number (*i.e.* 07) of Journal in the J.F. column (*on the credit side*).

Sales Account							
Dr.							Cr.
Date	Particulars	J.F.	Amount (Rs)	Date	Particulars	J.F.	Amount (Rs)
				2013			
				April 15	Rajesh	07	

Step 10: Record the amount (*Rs 10,000*) in the amount column which is standing against the account debited (*i.e.* Rajesh) in the Journal.

Sales Account							
Dr.							Cr.
Date	Particulars	J.F.	Amount (Rs)	Date	Particulars	J.F.	Amount (Rs)

				2013			
				April 15	Rajesh	07	10,000

Posting of Opening Entry

We know that each year the firm closes its books of accounts and the balances are carried forward to the next year. The balances that are brought forward are recorded by opening the respective accounts. As assets show a debit balance, so the relevant amount will be posted on the debit side as '*Balance b/d*' and the accounts of liabilities showing credit balances are posted on the credit side as '*Balance b/d*'.

For example, The balance in the books of Mr. Rajat were as follows, Pass the Opening Entry in his books:

Cash Rs 25,000; Sundry Debtors Rs 70,000; Stock Rs 35,000; Plant Rs 80,000; Land & Building Rs 1,50,000; Sundry Creditors Rs 1,00,000

JOURNAL					
Date 2013	Particulars		L.F.	Debit Amount (Rs)	Credit Amount (Rs)
April 01	Cash A/c	Dr.		25,000	
	Sundry Debtors' A/c	Dr.		70,000	
	Stock A/c	Dr.		35,000	

	Plant A/c	Dr.		80,000	
	Land & Building	Dr.		1,50,000	
	To Sundry Creditors'				1,00,000
	To Capital A/c (<i>Balancing figure</i>)				2,60,000
	(Balance brought forward)				

Cash Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount (Rs)	Date	Particulars	J.F.	Amount (Rs)
2013							
April 1	Balance b/d		25,000				

Sundry Debtors Account

Dr.							Cr.
Date	Particulars	J.F.	Amount (Rs)	Date	Particulars	J.F.	Amount (Rs)
2013							
April 1	Balance b/d		70,000				

Stock Account

Dr.							Cr.
Date	Particulars	J.F.	Amount (Rs)	Date	Particulars	J.F.	Amount (Rs)
2013							
April 1	Balance b/d		35,000				

Plant Account

Dr.							Cr.
Date	Particulars	J.F.	Amount (Rs)	Date	Particulars	J.F.	Amount (Rs)
2013							
April 1	Balance b/d		80,000				

Land & Building Account

Dr.							Cr.
Date	Particulars	J.F.	Amount (Rs)	Date	Particulars	J.F.	Amount (Rs)
2013							
April 1	Balance b/d		1,50,000				

Sundry Creditors Account							
Dr.							Cr.
Date	Particulars	J.F.	Amount (Rs)	Date	Particulars	J.F.	Amount (Rs)
				2013			
				April 1	Balance b/d		1,00,000
Capital Account							
Dr.							Cr.
Date	Particulars	J.F.	Amount (Rs)	Date	Particulars	J.F.	Amount (Rs)
				2013			

				April 1	Balance b/d		2,60,000

Closing & Balancing of Ledgers

Once the transactions are posted in their respective accounts, the next process is to calculate the *net effect* of the transactions posted. This *net effect* is the difference between the total of debit side and the total of credit side of an account. This difference amount is also known as balance of an account. The balance amount can be a debit balance or a credit balance or even nil balance. This is due to the following factors.

- (1) If the *debit side* of an account exceeds its *credit side* then the difference amount is regarded as *debit balance of an account*.
- (2) If the *credit side* of an account exceeds its *debit side* then the difference amount is regarded as *credit balance of an account*.
- (3) If the debit side is equal to its credit side then there will be no balance and hence, this is termed as *nil balance of an account*.

Note: We usually balance Real Accounts (*assets*) and Personal Accounts (*Ram, Mohan*). Nominal Accounts are never balanced, these are closed by transferring their balances to the Trading and Profit & Loss Account.

Steps for balancing a Ledger Account (Personal & Real Accounts only)

- (1) First total the amount column on the debit side of an account and thereafter, total the amount column on the credit side of the account.
- (2) Calculate difference between the two totals.
If the total of debit side of an account *exceeds* the total of its credit side, then the difference amount is known as debit balance. This amount (dr. balance) is written on the credit side of an account in the "credit amount column". Also, write date on which balancing is done in the date column and words Balance c/d (showing closing balance) in the Particulars column on the credit side of an account.

Furniture Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount (Rs)	Date	Particulars	J.F.	Amount (Rs)
1-1-13	Cash A/c (say)	xx	25,000				
5-7-13	Ajay (say)	xx	35,000				
9-11-13	Vijay (say)	xx	80,000				
				31-12-13	Balance c/d	xx	1,40,000
			1,40,000				1,40,000

On the other hand, if the total of credit side exceeds the total of debit side of an account, then the difference amount is regarded as credit balance. This amount (cr. balance) is written on the debit side of an account in the "debit amount column". Also, write date on which balancing is done in the date column and words Balance c/d (showing closing balance) in the Particulars column on the debit side of an account.

Raj Account							
Dr.				Cr.			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount

			(Rs)				(Rs)
				12-1-13	Cash A/c (say)	xx	5,000
				5-5-13	Cash (say)	xx	15,000
				15-11-13	Discount Allowed (say)	xx	500
31-12-13	Balance c/d	xx	20,500				
			20,500				20,500

(3) Now again, total the debit amount column and credit amount column of the account and put these totals on their respective side, signifying aggregate of the amount column of both the sides. After writing totals, draw double line underneath it. This *double line on both the sides shows equality of these two sides*.

Furniture Account							
Dr.							Cr.
Date	Particulars	J.F.	Amount (Rs)	Date	Particulars	J.F.	Amount (Rs)
1-1-13	Cash A/c	xx	25,000				
5-7-	Ajay	xx	35,000				

13							
9-11-13	Vijay	xx	80,000				
				31-12-13	Balance c/d	xx	1,40,000
			1,40,000				1,40,000

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Raj Account							
Dr.							Cr.
Date	Particulars	J.F.	Amount (Rs)	Date	Particulars	J.F.	Amount (Rs)
				12-1-13	Cash A/c (say)	xx	5,000
				5-5-13	Cash (say)	xx	15,000
				15-11-13	Discount Allowed (say)	xx	500

31-12-13	Balance c/d	xx	20,500				
			20,500				20,500

(4) For the next period, first write the beginning date (*of the next period*) in the date column of the account. If there is a debit balance in the last period, then in the current period it will be shown on the debit side of the account under the amount column. Words '*balance b/d*' are written in the Particulars column for addressing balance brought down from the last year. However, the situation will be reverse in case there is a credit balance in the last period. If in the last period, there is a credit balance, then the same procedure as mentioned above will be followed but on the credit side of an account (*of the current period*).

Furniture Account							
Dr.							Cr.
Date	Particulars	J.F.	Amount (Rs)	Date	Particulars	J.F.	Amount (Rs)
1-1-13	Cash A/c	xx	25,000				
5-7-13	Ajay	xx	35,000				
9-11-13	Vijay	xx	80,000				
				31-12-13	Balance c/d	xx	1,40,000

			1,40,000				1,40,000
1-1-14	Balance b/d	xx	1,40,000				

&

Raj Account							
Dr.				Cr.			
Date	Particulars	J.F.	Amount (Rs)	Date	Particulars	J.F.	Amount (Rs)
				12-1-13	Cash A/c (say)	xx	5,000
				5-5-13	Cash (say)	xx	15,000
				15-11-13	Discount Allowed (say)	xx	500
31-12-13	Balance c/d	xx	20,500				
			20,500				20,500
				1-1-	Balance b/d	xx	20,500

Closing of Nominal Accounts

Nominal Accounts are those accounts which are related to expenses (or losses) and incomes (or gains) of the firm. These accounts are not balanced usually. The balance of these accounts is transferred to Trading and Profit & Loss Account of the firm at the end of the year. *For example*, accounts related to stock purchased or sold are not balanced but transferred to Trading Account.

Strengthen this topic

Comprehensive Examples of Journal with Posting in Ledger

Objective

In this lesson, we will take up comprehensive problems on Journal entries and the ledgers.

Example 1 Enter the following transactions in Journal and post them in to the ledger.

Date	Particulars
2013	
April 01	Brought forwarded from the last month Cash Rs 60,000, Bank Rs 25,000, Building Rs 40,000, Furniture Rs 12,000 and Loan from Rashmi Rs 15,000.
April 04	Withdrawn goods for personal use (Sale Price Rs 12,000 and Cost Rs 8,000) and cash Rs 6,000.
April 06	Purchased goods of Rs 10,000 from Sohan

April 07	Paid Rs 7,500 to Sohan in full settlement of his account.
April 09	Goods sold to Rakesh for Rs 12,000 on credit.
April 10	Goods (Sale Price Rs 12,000, Cost Rs 10,000) were stolen in transit.
April 12	Paid Income Tax of Rs 15,000
April 13	Paid rent of the building Rs 18,000; half of the building was used for the proprietor's residence.
April 14	Brokerage due of Rs 8,000
April 15	Purchased second hand machine from Vinod against a cheque for Rs 12,000
April 18	Paid installation charges on the Machinery Rs 1,000
April 20	Salary of Rs 5,000 was due

Solution

Journal				
Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)

2013				
April 01	Cash A/c	Dr.	60,000	
	Bank A/c	Dr.	25,000	
	Building A/c	Dr.	40,000	
	Furniture A/c	Dr.	12,000	
	To Loan from Rashmi A/c			15,000
	To Capital A/c (<i>Balancing Figure</i>)			1,22,000
	(Balance brought forwarded from the last month)			
April 04	Drawings A/c	Dr.	14,000	
	To Purchases A/c			8,000
	To Cash A/c			6,000
	(Withdrawn goods and cash for personal use)			

April 06	Purchases A/c	Dr.		10,000	
	To Sohan				10,000
	(Goods purchased from Sohan)				
April 07	Sohan	Dr.		10,000	
	To Cash A/c				7,500
	To Discount Received A/c				2,500
	(Paid Rs 7,500 To Sohan in full and final settlement)				
April 09	Rakesh	Dr.		12,000	
	To Sales A/c				12,000
	(Goods sold to Rakesh on credit)				
April 10	Goods Lost-in-Transit A/c	Dr.		10,000	
	To Purchases A/c				10,000

	(Goods were stolen during transit)			
April 12	Drawings A/c	Dr.	15,000	
	To Cash A/c			15,000
	(Paid Income Tax)			
April 13	Drawings A/c	Dr.	9,000	
	Rent A/c	Dr.	9,000	
	To Cash A/c			18,000
	(Paid rent, half of which belongs To residence of owner)			
April 14	Accrued Brokerage A/c	Dr.	8,000	
	To Brokerage A/c			8,000
	(Brokerage due)			

April 15	Machinery A/c	Dr.		12,000	
	To Bank A/c				12,000
	(Purchased machinery against cheque)				
April 18	Machinery A/c	Dr.		1,000	
	To Cash A/c				1,000
	(Paid installation charges for the machinery)				
April 20	Salary A/c	Dr.		5,000	
	To Salary Outstanding A/c				5,000
	(Salary due)				

Cash Account					
Dr.					Cr.

Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2013				2013			
April 01	Balance b/d		60,000	April 04	Drawings A/c		6,000
				April 07	Sohan		7,500
				April 12	Drawings A/c		15,000
				April 13	Drawings A/c		9,000
				April 13	Rent A/c		9,000
				April 18	Machinery A/c		1,000
				April 30	Balance c/d		12,500
			60,000				60,000

Bank Account							
Dr.							Cr.
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount

			(₹)				(₹)
2013				2013			
April 01	Balance b/d		25,000	April 15	Machinery A/c		12,000
				April 30	Balance c/d		13,000
			25,000				25,000

Building Account							
Dr.							Cr.
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2013				2013			
April 01	Balance b/d		40,000	April 30	Balance c/d		40,000
			40,000				40,000

Furniture Account							
Dr.							Cr.
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2013				2013			
April 01	Balance b/d		12,000	April 30	Balance c/d		12,000
			12,000				12,000

Loan From Rashmi Account							
Dr.							Cr.
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2013				2013			
April 30	Balance c/d		15,000	April 01	Balance b/d		15,000

			15,000				15,000

Capital Account							
Dr.							Cr.
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2013				2013			
April 30	Balance c/d		1,22,000	April 01	Balance b/d		1,22,000
			1,22,000				1,22,000

Drawings Account							
Dr.							Cr.
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)

2013				2013			
April 04	Purchases A/c		8,000				
April 04	Cash A/c		6,000				
April 12	Cash A/c		15,000				
April 13	Cash A/c		9,000	April 30	Balance c/d		38,000
			38,000				38,000

Purchases Account							
Dr.							Cr.
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2013				2013			
April 06	Sohan		10,000	April 04	Drawings A/c		8,000

April 30	Balance c/d		8,000	April 10	Goods Lost-in-transit A/c		10,000
			18,000				18,000

Sohan							
Dr.							Cr.
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2013				2013			
April 07	Cash A/c		7,500				
April 07	Discount Received A/c		2,500	April 06	Purchases A/c		10,000
			10,000				10,000

Discount Received A/c	

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2013				2013			
April 30	Balance c/d		2,500	April 07	Sohan		2,500
			2,500				2,500

Rakesh							
Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2013				2013			
April 09	Sales A/c		12,000	April 30	Balance c/d		12,000
			12,000				12,000

Sales Account							
Dr.							Cr.
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2013				2013			
April 30	Balance c/d		12,000	April 09	Rakesh		12,000
			12,000				12,000

Goods Lost-in-transit Account							
Dr.							Cr.
Date	Particulars	L.F.	Amount (₹)	Date	Particulars	L.F.	Amount (₹)
2013				2013			
April 10	Purchases A/c		10,000	April 30	Balance c/d		10,000

			10,000				10,000

Accrued Brokerage Account							
Dr.							Cr.
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2013				2013			
April 14	Brokerage A/c		8,000	April 30	Balance c/d		8,000
			8,000				8,000

Brokerage Account							
Dr.							Cr.
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)

2013				2013			
April 30	Balance c/d		8,000	April 14	Accrued Brokerage A/c		8,000
			8,000				8,000

Machinery Account							
Dr.							Cr.
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2013				2013			
April 15	Bank A/c		12,000				
April 18	Cash A/c		1,000	April 30	Balance c/d		13,000
			13,000				13,000

Rent Account							
Dr.							Cr.
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2013				2013			
April 13	Cash A/c		9,000	April 30	Balance c/d		9,000
			9,000				9,000

Salary Account							
Dr.							Cr.
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2013				2013			
April 20	Salary Outstanding A/c		5,000	April 30	Balance c/d		5,000
			5,000				5,000

Salary Outstanding Account							
Dr.							Cr.
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2013				2013			
April 30	Balance c/d		5,000	April 20	Salary A/c		5,000
			5,000				5,000

Note: In the above questions and questions to come, Expenses and Revenue Accounts such as Purchases A/c, Sales A/c, Salaries, Wages, Purchases Returns Account etc. should not be balanced but are closed at the end of year by transferring To Trading or Profit and Loss Account. They have been balanced just for the purpose of showing balancing as these entries are not for the whole year but only for a month or two.

Example 2 Enter the following transactions into the Journal and post them into the ledger.

Date	Particulars

2013	
April 01	Assets: Cash Rs 35,000, Bank Rs 32,000, Stock Rs 20,000, Machinery Rs 25,000, Furniture Rs 22,000 Liabilities: Atul Rs 18,000, Mohit Rs 15,000
April 04	Goods purchased from Rohit Rs 15,000.
April 06	Sold goods to Veeru Rs 40,000.
April 07	Paid to Mohit Rs 14,000 in full settlement.
April 08	Sold furniture for Cash Rs 20,500.
April 11	Paid Salaries Rs 5,600.
April 13	Paid Insurance premium of Rs 12,000.
April 14	Sold goods costing Rs 5,000 to Ajit at 20% above the cost.
April 15	Cash of Rs 20,000 deposited in to the Bank
April 16	Rs 12,000 were paid to Rohit through cheque on account of purchases made from him.
April 18	Cheque paid to Rohit got dishonoured due to mismatch of signature
April 25	An old amount written off as bad debt in previous year recovered Rs 4,200.

April 28	Goods stolen by employee Rs 4,500
April 29	Paid rent of Rs 7,200 for the next year
April 30	Acceptance given to bill of Rs 18,000 drawn by Atul

Solution

Journal					
Date	Particulars		L.F.	Debit Amount (₹)	Credit Amount (₹)
2013					
April 01	Cash A/c	Dr.		35,000	
	Bank A/c	Dr.		32,000	
	Stock A/c	Dr.		20,000	
	Machinery A/c	Dr.		25,000	
	Furniture A/c	Dr.		22,000	
	To Atul				18,000

	To Mohit			15,000
	To Capital A/c (<i>Balancing Figure</i>)			1,01,000
	(Balance forwarded from the last month)			
April 04	Purchases A/c	Dr.	15,000	
	To Rohit			15,000
	(Goods purchased on credit)			
April 06	Veeru	Dr.	40,000	
	To Sales A/c			40,000
	(Goods sold to Veeru)			
April 07	Mohit	Dr.	15,000	
	To Cash A/c			14,000
	To Discount Received A/c			1,000

	(Paid to Mohit in full settlement)				
April 08	Cash A/c	Dr.		20,500	
	Loss on Sale of Furniture A/c	Dr.		1,500	
	To Furniture A/c				22,000
	(Furniture sold)				
April 11	Salary A/c	Dr.		5,600	
	To Cash A/c				5,600
	(Salary paid)				
April 13	Insurance Premium A/c	Dr.		12,000	
	To Cash A/c				12,000
	(Insurance Premium paid)				

April 14	Ajit	Dr.		6,000	
	To Sales A/c				6,000
	(Goods sold to Ajit)				
April 15	Bank A/c	Dr.		20,000	
	To Cash A/c				20,000
	(Cash deposited in to the bank)				
April 16	Rohit	Dr.		15,000	
	To Bank A/c				12,000
	To Discount Received A/c				3,000
	(Cash paid to Rohit)				
April 18	Bank A/c	Dr.		12,000	
	Discount Received A/c	Dr.		3,000	

	To Rohit			15,000
	(Cheque paid to Rohit got dishonoured)			
April 25	Cash A/c	Dr.	4,200	
	To Bad debts Recovered A/c			4,200
	(Amount written off as Bad-debt now recovered)			
April 28	Loss by Theft A/c	Dr.	4,500	
	To Purchases A/c			4,500
	(Goods Stolen by employees)			
April 29	Prepaid Rent A/c	Dr.	7,200	
	To Cash A/c			7,200
	(Paid rent in advance for the next year)			

April 30	Atul	Dr.		18,000	
	To Bills Payable A/c				18,000
	(Bill accepted and send back to Atul)				

Cash Account							
Dr.							Cr.
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2013				2013			
April 01	Balance b/d		35,000	April 07	Mohit		14,000
April 08	Furniture A/c		20,500	April 11	Salaries A/c		5,600
April 25	Bad Debts Recovered A/c		4,200	April 13	Insurance Premium A/c		12,000
				April 15	Bank A/c		20,000

				April 29	Prepaid Rent A/c		7,200
				April 30	Balance c/d		900
			59,700				59,700

Bank Account							
Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2013				2013			
April 01	Balance b/d		32,000	April 16	Rohit		12,000
April 15	Cash A/c		20,000				

April 18	Rohit		12,000				
				April 30	Balance c/d		52,000
			64,000				64,000

Machinery Account							
Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2013				2013			
April 01	Balance b/d		25,000	April 30	Balance c/d		25,000
			25,000				25,000

Stock Account

Dr.							Cr.
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2013				2013			
April 01	Balance b/d		20,000	April 30	Balance c/d		20,000
			20,000				20,000

Furniture Account							
Dr.							Cr.
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2013				2013			
April 01	Balance b/d		22,000	April 08	Cash A/c		20,500
				April 08	Loss on Sale A/c		1,500

			22,000				22,000

Capital Account							
Dr.							Cr.
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2013				2013			
April 30	Balance c/d		1,01,000	April 01	Balance b/d		1,01,000
			1,01,000				1,01,000

Atul							
Dr.							Cr.
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)

2013				2013			
April 30	Bills Payable A/c		18,000	April 01	Balance b/d		18,000
			18,000				18,000

Mohit							
Dr.							Cr.
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2013				2013			
April 07	Cash A/c		14,000	April 01	Balance b/d		15,000
April 07	Discount Received A/c		1,000				
			15,000				15,000

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Purchases Account							
Dr.							Cr.
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2013				2013			
April 04	Rohit		15,000				
				April 30	Balance c/d		15,000
			15,000				15,000

Loss on Sale A/c							
Dr.							Cr.
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2013				2013			

April 04	Furniture A/c		1,500	April 04	Purchases A/c		1,500
			1,500				1,500

Loss by Theft A/c							
Dr.							Cr.
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2013				2013			
April 30	Balance c/d		4,500	April 28	Purchases A/c		4,500
			4,500				4,500

Veeru							
Dr.							Cr.

Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2013				2013			
April 09	Sales A/c		40,000	April 30	Balance c/d		40,000
			40,000				40,000

Sales Account							
Dr.							Cr.
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2013				2013			
April 30	Balance c/d		40,000	April 06	Veeru		40,000
			40,000				40,000

Salary Account

Dr.				Cr.			
Date	Particulars	L.F.	Amount (₹)	Date	Particulars	L.F.	Amount (₹)
2013				2013			
April 11	Cash A/c		5,600	April 30	Balance c/d		5,600
			5,600				5,600

Prepaid Rent Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2013				2013			
April 29	Cash A/c		7,200	April 30	Balance c/d		7,200
			7,200				7,200

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Bad debts Recovered Account							
Dr.							Cr.
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2013				2013			
April 30	Balance c/d		4,200	April 25	Cash A/c		4,200
			4,200				4,200

Discount Received Account							
Dr.							Cr.
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2013				2013			

April 18	Rohit		3,000	April 07	Mohit		1,000
April 30	Balance c/d		1,000	April 16	Rohit		3,000
			4,000				4,000

Bills Payable Account							
Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2013				2013			
April 30	Balance c/d		18,000	April 30	Atul		18,000
			18,000				18,000

Example 3 From the following transactions of M/s Ansh & Sons, prepare Journal, post them in the ledgers and balance the ledgers.

Date	Particulars	Amount
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		(₹)
2013		
March 01	Brought forwarded balance of the last month:	
	Assets: Cash in hand Rs 20,000, Cash at Bank Rs 25,000 Building Rs 30,000, Furniture Rs 5,000, Stock Rs 4,000, M/s Kapur Bros owed Rs 4,000.	
	Liabilities: Loan Rs 7,000, Owed to M/s Vineet Traders Rs 4,500	
March 02	Bought goods for Cash	6,000
March 05	Bought goods from Vineet Traders	5,000
	Carriage on these goods	50
March 08	Paid Municipal Taxes through cheque	1,200
March 10	Sale of old Newspaper	800
March 11	Paid rent to landlord in cash	5,200

March 14	Withdrawn from the bank for office use	2,600
March 15	Payment made to Vineet Traders in full settlement of their Account	9,000
March 18	Cheque received from M/s Kapur Bros	4,000
March 19	Bank interest received	500
March 20	Bank intimates that cheque of Kapur Bros was returned unpaid	
March 22	Purchased 10 chairs for office use from Sohan Furnitures	6,000
March 26	Returned 4 chairs back due to defective quality	2,400
March 28	Paid to Sohan Furnitures through cheque	3,600
March 31	Received loan from Salman and deposited same in to the bank	8,000

Solution

Books of M/s Ansh & Sons

Journal					
Date	Particulars		L.F.	Debit Amount (₹)	Credit Amount (₹)
2013					
March 01	Cash A/c	Dr.		20,000	
	Bank A/c	Dr.		25,000	
	Building A/c	Dr.		30,000	
	Furniture A/c	Dr.		5,000	
	Stock A/c	Dr.		4,000	
	M/s Kapur Bros	Dr.		4,000	
	To Loan A/c				7,000
	To Vineet Traders				4,500
	To Capital A/c (<i>Balancing Figure</i>)				76,500
	(Balances of the last month were brought forwarded)				

March 02	Purchases A/c	Dr.	6,000	
	To Cash A/c			6,000
	(Goods bought for cash)			
March 05	Purchases A/c	Dr.	5,000	
	To M/s Vineet Traders			5,000
	(Goods purchased from Vineet Traders)			
March 05	Carriage A/c	Dr.	50	
	To Cash A/c			50
	(Carriage paid on purchase of goods from Vineet Traders)			
March 08	Municipal Taxes A/c	Dr.	1,200	

	To Bank A/c			1,200	
	(Paid Municipal Taxes)				
March 10	Cash A/c	Dr.		800	
	To Sundry Receipts A/c				800
	(Cash received on sale of old newspaper)				
March 11	Rent A/c	Dr.		5,200	
	To Cash A/c				5,200
	(Paid rent To landlord)				
March 14	Cash A/c	Dr.		2,600	
	To Bank A/c				2,600
	(Withdrawn cash from the bank)				

March 15	Vineet Traders A/c	Dr.	9,500	
	To Cash A/c			9,000
	To Discount Received A/c			500
	(Payment made to Vineet Traders in full settlement of their account)			
March 18	Bank A/c	Dr.	4,000	
	To Kapur Bros			4,000
	(Cheque received from Kapur Bros)			
March 19	Bank A/c	Dr.	500	
	To Bank Interest A/c			500
	(Bank interest received)			

March 20	Kapur Bros.	Dr.	4,000	
	To Bank A/c			4,000
	(Kapur Bros cheque got dishonoured)			
March 22	Furniture A/c	Dr.	6,000	
	To Sohan Furnitures			6,000
	(Purchased 10 chairs from Sohan Furnitures)			
March 26	Sohan Furnitures	Dr.	2,400	
	To Furniture A/c			2,400
	(4 Chairs were returned due to defective quality)			
March	Sohan	Dr.	3,600	

28	Furnitures				
	To Bank A/c			3,600	
	(Paid to Sohan Furniture by cheque)				
March 31	Bank A/c	Dr.		8,000	
	To Loan From Salman			8,000	
	(Received loan from Salman and deposited in to the bank)				

Cash Account							
Dr.							Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
March 01	Balance b/d		20,000	March 02	Purchases A/c		6,000

March 10	Sundry Receipts A/c		800	March 05	Carriage A/c		50
March 14	Bank A/c		2,600	March 11	Rent A/c		5,200
				March 15	Vineet Traders		9,000
				March 31	Balance c/d		3,150
			23,400				23,400

Bank Account							
Dr.							Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
March 01	Balance b/d		25,000	March 08	Municipal Taxes A/c		1,200
March 18	Kapur Bros		4,000	March 14	Cash A/c		2,600

March 19	Bank Interest A/c		500	March 20	Kapur Bros		4,000
March 31	Loan from Salman A/c		8,000	March 28	Sohan Furniture A/c		3,600
				March 31	Balance c/d		26,100
			37,500				37,500

Building Account							
Dr.							Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
March 01	Balance b/d		30,000				
				March 31	Balance c/d		30,000
			30,000				30,000

Furniture Account							
Dr.							Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
March 01	Balance b/d		5,000	March 26	Sohan Furnitures		2,400
March 22	Sohan Furnitures		6,000	March 31	Balance c/d		8,600
			11,000				11,000

Stock Account							
Dr.							Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			

March 01	Balance b/d		4,000				
				March 31	Balance c/d		4,000
			4,000				4,000

Kapur Bros							
Dr.							Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
March 01	Balance b/d		4,000	March 18	Bank A/c		4,000
March 20	Bank A/c		4,000	March 31	Balance c/d		4,000
			8,000				8,000

Loan Account			

Dr.				Cr.			
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
March 31	Balance c/d		7,000	March 01	Balance b/d		7,000
			7,000				7,000

Vineet Traders							
Dr.				Cr.			
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
March 15	Cash A/c		9,000	March 01	Balance b/d		4,500
March 15	Discount Received A/c		500	March 05	Purchases A/c		5,000
			9,500				9,500

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Capital Account							
Dr.							Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
				March 01	Balance b/d		76,500
March 31	Balance c/d		76,500				
			76,500				76,500

Purchases Account							
Dr.							Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
March 02	Cash A/c		6,000				

March 05	Vineet Traders		5,000	March 31	Balance c/d		11,000
			11,000				11,000

Carriage Account							
Dr.							Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
March 05	Cash A/c		50				
				March 31	Balance c/d		50
			50				50

Municipal Taxes Account							
Dr.							Cr.

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
March 08	Bank A/c		1,200				
				March 31	Balance c/d		1,200
			1,200				1,200

Sundry Receipts Account							
Dr.							Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
				March 10	Cash A/c		800
March 31	Balance c/d		800				
			800				800

Rent Account							
Dr.							Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
March 11	Cash A/c		5,200				
				March 31	Balance c/d		5,200
			5,200				5,200

Discount Received Account							
Dr.							Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
				March 15	Vineet Traders		500

March 31	Balance c/d		500				
			500				500

Bank Interest Account							
Dr.							Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
				March 19	Bank A/c		500
March 31	Balance c/d		500				
			500				500

Sohan Furniture							
Dr.							Cr.

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
March 26	Furniture A/c		2,400	March 22	Furniture A/c		6,000
March 28	Bank A/c		3,600				
			6,000				6,000

Loan from Salman Account							
Dr.							Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
				March 31	Bank A/c		8,000
March 31	Balance c/d		8,000				
			8,000				8,000

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Note: It is assumed that cheque received from M/s Kapur Bros. was deposited in the Bank on the same day.

Example 4 From the following transactions of Sachin, prepare Journal, post them in the ledgers and balance the ledgers.

Date	Particulars
2013	
June 01	Brought forwarded balance of the last month:
	Assets: Cash in hand Rs 35,000, Cash at Bank Rs 30,000 Machinery Rs 40,000, Stock of goods Rs 25,000, Sundry Debtors: Aman Rs 6,000, Yohan Rs 8,000
	Liabilities: Sundry Creditors: Vicky Rs 7,000, Kusum Rs 4,500.
June 03	Rajesh sold goods to Sachin for Rs 25,000
June 05	Sachin sold goods to Vishesh for Rs 28,000
June 08	Rejected 10% of Rajesh's goods
June 09	Purchased goods worth Rs 13,200 from Rohit, which were sold to Ajay at a profit of Rs 4,000
June 11	Sachin issued cash memo for Rs 18,000 to Ansari, who came

	personally To take goods.
June 13	Yohan cleared 70% of his total dues and received cash discount of 1.5%
June 14	Dues of Kusum were cleared through a cheque and received a cash discount of Rs 600.
June 15	Aman got bankrupt, only 40 paisa in rupee was recovered from his estates.
June 18	Purchased Machinery for Rs 18,000, paid Rs 500 as cartage and Rs 1,500 as installation charges.
June 21	Paid salary to Dev Rs 3,500
June 23	Rent of Rs 4,200 is due to landlady Sushila but not yet paid.
June 26	Goods (Cost Rs 4,000 and Sales Price Rs 5,100) were taken for the personal use
June 28	Bank charges of Rs 95 were charged by the bank
June 30	Charged depreciation on Machinery Rs 4,200

Solution

Books of Sachin
Journal

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
2013				
June 01	Cash A/c	Dr.	35,000	
	Bank A/c	Dr.	30,000	
	Machinery A/c	Dr.	40,000	
	Stock of Goods A/c	Dr.	25,000	
	Aman	Dr.	6,000	
	Yohan	Dr.	8,000	
	To Vicky			7,000
	To Kusum			4,500
	To Capital A/c (<i>Balancing Figure</i>)			1,32,500
	(Balances of the last month were brought forwarded)			

June 03	Purchases A/c	Dr.		25,000	
	To Rajesh				25,000
	(Goods purchased from Rajesh)				
June 05	Vishesh	Dr.		28,000	
	To Sales A/c				28,000
	(Goods sold To Vishesh)				
June 08	Rajesh	Dr.		2,500	
	To Purchases Return A/c				2,500
	(Cartage paid on purchase of goods from Vineet Traders)				
June 09	Purchases A/c	Dr.		13,200	

	To Rohit			13,200
	(Goods purchased from Rohit)			
June 09	Ajay	Dr.	17,200	
	To Sales A/c			17,200
	(Goods sold To Ajay)			
June 11	Cash A/c	Dr.	18,000	
	To Sales A/c			18,000
	(Goods sold)			
June 13	Cash A/c	Dr.	5,516	
	Discount Allowed A/c	Dr.	84	
	To Yohan			5,600

	(Cash received and discount allowed)				
June 14	Kusum	Dr.		4,500	
	To Bank A/c				3,900
	To Discount Received A/c				600
	(Paid To Kusum through cheque and discount received)				
June 15	Cash A/c	Dr.		2,400	
	Bad Debts A/c	Dr.		3,600	
	To Aman				6,000
	(Aman got bankrupt and only 40 paisa in rupees were realised from his estates)				
June 18	Machinery A/c	Dr.		20,000	
	To Cash A/c				20,000

	(Machinery purchased for Rs 18,000 and Rs 500 spent on its cartage and Rs 1,500 on its installation)			
June 21	Salaries A/c	Dr.	3,500	
	To Cash A/c			3,500
	(Salaries paid)			
June 23	Rent A/c	Dr.	4,200	
	To Rent Outstanding A/c			4,200
	(Rent due but not yet paid)			
June 26	Drawings A/c	Dr.	4,000	
	To Purchases A/c			4,000
	(Goods taken for personal use)			

June 28	Bank Charges A/c	Dr.		95	
	To Bank A/c				95
	(Bank Charges charged by the bank)				
June 30	Depreciation A/c	Dr.		4,200	
	To Machinery A/c				4,200
	(Depreciation charged on the Machinery)				

Cash Account							
Dr.							Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
June 01	Balance b/d		35,000	June 18	Machinery A/c		20,000

June 11	Sales A/c		18,000	June 21	Salaries A/c		3,500
June 13	Yohan		5,516	June 30	Balance c/d		37,416
June 15	Aman		2,400				
			60,916				60,916

Bank Account							
Dr.							Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
June 01	Balance b/d		30,000	June 14	Kusum		3,900
				June 28	Bank Charges A/c		95
				June 30	Balance c/d		26,005
			30,000				30,000

Machinery Account

Dr.				Cr.			
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
June 01	Balance b/d		40,000	June 30	Depreciation A/c		4,200
June 18	Cash A/c		20,000	June 30	Balance c/d		55,800
			60,000				60,000

Stock of Goods Account

Dr.				Cr.			
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
June 01	Balance b/d		25,000				

				June 30	Balance c/d		25,000
			25,000				25,000

Aman							
Dr.							Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
June 01	Balance b/d		6,000	June 15	Cash A/c		2,400
				June 15	Bad debts A/c		3,600
			6,000				6,000

Yohan							
Dr.							Cr.

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
June 01	Balance b/d		8,000	June 13	Cash A/c		5,516
				June 13	Discount Allowed A/c		84
				June 30	Balance c/d		2,400
			8,000				8,000

Vicky							
Dr.							Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
June 30	Balance c/d		7,000	June 01	Balance b/d		7,000
			7,000				7,000

Kusum							
Dr.							Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
June 14	Bank A/c		3,900	June 01	Balance b/d		4,500
	Discount Received A/c		600				
			4,500				4,500

Capital Account							
Dr.							Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
				June 01	Balance b/d		1,32,500

June 30	Balance c/d		1,32,500				
			1,32,500				1,32,500

Purchases Account							
Dr.							Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
June 03	Rajesh		25,000	June 26	Drawings A/c		4,000
June 09	Rohit		13,200	June 30	Balance c/d		34,200
			38,200				38,200

Rajesh							
Dr.							Cr.

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
June 08	Purchases Return A/c		2,500	June 03	Purchases A/c		25,000
June 30	Balance c/d		22,500				
			25,000				25,000

Sales Account							
Dr.							Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
				June 05	Vishesh		28,000
				June 09	Ajay		17,200
June 30	Balance c/d		63,200	June 11	Sales A/c		18,000
			63,200				63,200

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Vishesh							
Dr.							Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
June 05	Sales A/c		28,000				
				June 30	Balance c/d		28,000
			28,000				28,000

Purchase Return Account							
Dr.							Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			

				June 08	Rajesh		2,500
June 30	Balance c/d		2,500				
			2,500				2,500

Rohit							
Dr.							Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
June 09				June 09	Purchases A/c		13,200
June 30	Balance c/d		13,200				
			13,200				13,200

Ajay			

Dr.				Cr.			
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
June 09	Sales A/c		17,200				
				June 30	Balance c/d		17,200
			17,200				17,200

Discount Allowed Account							
Dr.				Cr.			
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
June 13	Yohan		84				
				June 30	Balance c/d		84
			84				84

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Discount Received Account							
Dr.							Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
				June 14	Kusum		600
June 30	Balance c/d		600				
			600				600

Bad Debts Account							
Dr.							Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			

June 15	Aman		3,600				
				June 30	Balance c/d		3,600
			3,600				3,600

Salaries Account							
Dr.							Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
June 21	Cash A/c		3,500				
				June 30	Balance c/d		3,500
			3,500				3,500

Rent Account			

Dr.				Cr.			
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
June 23	Rent Outstanding A/c		4,200				
				June 30	Balance c/d		4,200
			4,200				4,200

Rent Outstanding Account							
Dr.				Cr.			
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
				June 23	Rent A/c		4,200
June 30	Balance c/d		4,200				
			4,200				4,200

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Drawings Account							
Dr.							Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
June 26	Purchases A/c		4,000				
				June 30	Balance c/d		4,000
			4,000				4,000

Bank Charges Account							
Dr.							Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			

June 28	Bank A/c		95				
				June 30	Balance c/d		95
			95				95

Depreciation Account							
Dr.							Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
June 30	Machinery A/c		4,200				
				June 30	Balance c/d		4,200
			4,200				4,200

Example 5 Umesh started business with Cash Rs 40,000, Bank Rs 50,000 and Stock of Rs 30,000 on January 01, 2013. His transactions during the month were as given below:

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Date	Particulars
2013	
Jan 02	Shop was taken on rent and Rs 12,000 were paid as an advance for the rent
Jan 04	Purchased furniture of Rs 10,000 from Furniture House
Jan 05	Bought goods worth Rs 18,000 from Raj Stores subject To trade discount of 5%
Jan 06	Goods of Rs 500 were given as Charity To an Old Age Home
Jan 08	Sold goods To Raju for Rs 14,000
Jan 11	Purchased stationery of Rs 1,500 in cash
Jan 13	Paid To Raj Stores 16,500 in the full settlement by cheque
Jan 14	Raju returned goods of Rs 4,500
Jan 16	Paid brokerage of Rs 2,300 and electricity bill of Rs 1,800
Jan 19	Goods of Rs 14,000 were purchased on credit from Mayank
Jan 23	Commission of Rs 2,400 received from Kunwar Bros
Jan 26	Due To defective quality goods of Rs 3,500 were returned back To Mayank

Jan 29	Mayank agrees To accept bill against his dues
Jan 31	Received Rs 5,000 from a travelling salesman, after deducting travelling expenses of Rs 500.

Solution

Books of Umesh					
Journal					
Date	Particulars		L.F.	Debit Amount (₹)	Credit Amount (₹)
2013					
Jan.01	Cash A/c	Dr.		40,000	
	Bank A/c	Dr.		50,000	
	Stock A/c	Dr.		30,000	
	To Capital A/c (<i>Balancing Figure</i>)				1,20,000
	(Started business with cash, bank and Stock)				

Jan.02	Advance for Rent A/c	Dr.	12,000	
	To Cash A/c			12,000
	(Advance paid for shop)			
Jan.04	Furniture A/c	Dr.	10,000	
	To Furniture House			10,000
	(Furniture purchased)			
Jan.05	Purchases A/c	Dr.	17,100	
	To Raj Stores			17,100
	(Purchased goods from Raj Stores)			
Jan.06	Charity A/c	Dr.	500	
	To Purchases A/c			500

	(Goods distributed as charity)			
Jan.08	Raju	Dr.	14,000	
	To Sales A/c			14,000
	(Goods sold To Raju)			
Jan.11	Stationery A/c	Dr.	1,500	
	To Cash A/c			1,500
	(Stationery purchased)			
Jan.13	Raj Stores	Dr.	17,100	
	To Bank A/c			16,500
	To Discount Received A/c			600
	(Paid To Raj Stores through cheque and received discount)			

Jan.14	Sales Return A/c	Dr.		4,500	
	To Raju				4,500
	(Goods returned by Raju)				
Jan.16	Brokerage A/c	Dr.		2,300	
	Electricity Expenses A/c	Dr.		1,800	
	To Cash A/c				4,100
	(Brokerage and electricity bill paid)				
Jan.19	Purchases A/c	Dr.		14,000	
	To Mayank				14,000
	(Goods purchased on credit from Mayank)				
Jan.23	Cash A/c	Dr.		2,400	
	To Commission Received A/c				2,400

	(Commission received from Kunwar Bros)			
Jan.26	Mayank	Dr.	3,500	
	To Purchase Return A/c			3,500
	(Goods of defective quality were returned back To Mayank)			
Jan.29	Mayank	Dr.	10,500	
	To Bills Payable A/c			10,500
	(Mayank accepted bill against his balance)			
Jan.31	Cash A/c	Dr.	5,000	
	Travelling Expenses A/c	Dr.	500	
	To Sales A/c			5,500
	(Sales made by travelling salesman and deducted travelling expenses from this)			

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Cash Account							
Dr.							Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
Jan.01	Balance b/d		40,000	Jan.02	Advance for Rent A/c		12,000
Jan.23	Commission Received A/c		2,400	Jan.11	Stationery A/c		1,500
Jan.31	Sales A/c		5,000	Jan.16	Brokerage A/c		2,300
					Electricity Expenses A/c		1,800
				Jan.31	Balance c/d		29,800
			47,400				47,400

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Bank Account							
Dr.							Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
Jan.01	Balance b/d		50,000	Jan.13	Raj Stores		16,500
				Jan.31	Balance c/d		33,500
			50,000				50,000

Stock Account							
Dr.							Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
Jan.01	Balance b/d		30,000				
				Jan.31	Balance c/d		30,000

			30,000				30,000

Capital Account							
Dr.							Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
				Jan.01	Balance b/d		1,20,000
Jan.31	Balance c/d		1,20,000				
			1,20,000				1,20,000

Advance for Rent Account							
Dr.							Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount

2013				2013			
Jan.02	Cash A/c		12,000				
				Jan.31	Balance c/d		12,000
			12,000				12,000

Furniture Account							
Dr.							Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
Jan.02	Furniture House		10,000				
				Jan.31	Balance c/d		10,000
			10,000				10,000

Furniture House							
Dr.							Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
				Jan.02	Furniture A/c		10,000
Jan.31	Balance c/d		10,000				
			10,000				10,000

Purchases Account							
Dr.							Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
Jan.05	Raj Stores		17,100	Jan.06	Charity A/c		500
Jan 19	Mayank		14,000	Jan.31	Balance c/d		30,600

			31,100				31,100

Raj Stores							
Dr.							Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
Jan.13	Bank A/c		16,500	Jan.05	Purchases A/c		17,100
	Discount Received A/c		600				
			17,100				17,100

Charity Account							
Dr.							Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount

2013				2013			
Jan.06	Purchases A/c		500				
				Jan.31	Balance c/d		500
			500				500

Raju							
Dr.							Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
Jan.08	Sales A/c		14,000	Jan.14	Sales Return A/c		4,500
				Jan.31	Balance c/d		10,500
			14,000				14,000

Sales Account							
Dr.							Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
				Jan.08	Raju		14,000
				Jan.31	Cash A/c		5,000
Jan.31	Balance c/d		19,500		Travelling Expenses A/c		500
			19,500				19,500

Stationery Account							
Dr.							Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
Jan.11	Cash A/c		1,500				

				Jan.31	Balance c/d		1,500
			1,500				1,500

Discount Received Account							
Dr.							Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
				Jan.13	Raj Stores		600
Jan.31	Balance c/d		600				
			600				600

Sales Return Account							
Dr.							Cr.

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
Jan.14	Raju		4,500				
				Jan.31	Balance c/d		4,500
			4,500				4,500

Brokerage Account							
Dr.							Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
Jan.16	Cash A/c		2,300				
				Jan.31	Balance c/d		2,300
			2,300				2,300

Electricity Expenses Account

Dr.				Cr.			
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
Jan.16	Cash A/c		1,800				
				Jan.31	Balance c/d		1,800
			1,800				1,800

Mayank

Dr.				Cr.			
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
Jan.26	Purchase Return A/c		3,500	Jan.19	Purchases A/c		14,000

Jan.29	Bills Payable A/c		10,500				
			14,000				14,000

Commission Received Account							
Dr.							Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
				Jan.23	Cash A/c		2,400
Jan.31	Balance c/d		2,400				
			2,400				2,400

Purchase Return Account							
Dr.							Cr.

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
				Jan.26	Mayank		3,500
Jan.31	Balance c/d		3,500				
			3,500				3,500

Bills Payable Account							
Dr.							Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
				Jan.29	Mayank		11,400
Jan.31	Balance c/d		11,400				
			11,400				11,400

Travelling Expenses Account							
Dr.							Cr.
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013				2013			
Jan.31	Sales A/c		500				
				Jan.31	Balance c/d		500
			500				500

Example 6 (**Journal, Ledger and Trial Balance including GST**) Record necessary journal entries assuming CGST and SGST @ 6% each and IGST @12% for the transactions:

Date	Particulars	Amount (₹)
2018		
March 1	Shri commenced business with cash in Haryana	50,000
March 2	She opened a Bank Account at Bank of Baroda	20,000
March 5	She purchased goods in cash from Punjab	10,000

March 8	She sold goods costing Rs.8,000 to Mudit of Delhi	20,000
March 12	She took a loan from Bank of Baroda	1,00,000
March 15	She purchased an office furniture from Raghu of Haryana	5,000
March 18	She withdrew goods for personal use	1,000
March 25	She paid to Raghu by cheque in full settlement	5,100
March 30	She purchased stationery for cash	500
March 31	Paid Rent by cheque	5,000
March 31	Paid wages and salaries	11,200

Solution:

Journal of Shri					
Date 2018	Particulars		L.F.	Debit Amount (₹)	Credit Amount (₹)
March 1	Cash A/c	Dr.		50,000	
	To Capital A/c				50,000
	(Being business started with				

	cash)				
March 2	Bank A/c	Dr.		20,000	
	To Cash A/c				20,000
	(Being a current account opened at Bank of Baroda.)				
March 5	Purchases A/c	Dr.		10,000	
	Input IGST A/c	Dr.		1,200	
	To Cash A/c				11,200
	(Being goods purchased in cash @ 12% GST)				
March 8	Mudit	Dr.		22,400	
	To Sales A/c				20,000
	To Output IGST A/c				2,400
	(Being goods sold on credit)				
March 12	Bank A/c	Dr.		1,00,000	
	To Bank Loan A/c				1,00,000
	(Being loan raised from Bank				

	of Baroda)				
March 15	Furniture A/c	Dr.		5,000	
	Input CGST A/c	Dr.		300	
	Input SGST A/c	Dr.		300	
	To Raghu				5,600
	(Being furniture purchased)				
March 18	Drawings A/c	Dr.		1,120	
	To Purchases A/c				1,000
	To IGST A/c				120
	(Being goods purchased withdrawn for personal use and GST reversed)				
March 25	Raghu	Dr.		5,600	
	To Bank A/c				5,100
	To Discount Received A/c				500
	(Being payment to Raghu in full settlement)				

March 30	Stationery A/c	Dr.		500	
	Input CGST A/c	Dr.		30	
	Input SGST A/c	Dr.		30	
	To Cash A/c				560
	(Being stationery purchased)				
March 31	Rent A/c	Dr.		5,000	
	Input CGST A/c	Dr.		300	
	Input SGST A/c	Dr.		300	
	To Bank A/c				5,600
	(Being rent paid)				
March 31	Wages and Salaries A/c	Dr.		11,200	
	To Cash A/c				11,200
	(Being wages and salaries paid)				

Ledger

Dr.	Capital Account	Cr.

Date 2018	Particulars	J.F.	Amount (₹)	Date 2018	Particulars	J.F.	Amount (₹)
Mar.31	Balance c/d		50,000	Mar.1	Cash A/c		50,000

Dr.	Cash Account						Cr.
Date 2018	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
Mar.1	Capital A/c		50,000	Mar.2	Bank A/c		20,000
				Mar.5	Purchases		10,000
				Mar.5	Input IGST A/c		1,200
				Mar.30	Stationery A/c		500
				Mar.30	Input CGST A/c		30
				Mar.30	Input SGST A/c		30
				Mar.31	Wages and Salaries A/c		11,200
				Mar.31	Balance c/d		7,040

			50,000				50,000

Dr.	Drawings Account						Cr.
Date 2018	Particulars	J.F.	Amount (₹)	Date 2018	Particulars	J.F.	Amount (₹)
Mar.18	Purchases A/c		1,000	Mar.31	Balance c/d		1,120
Mar.18	IGST A/c		120				
			1,120				1,120

Dr.	Bank Account						Cr.
Date 2018	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
Mar.2	Cash A/c		20,000	Mar.25	Raghu		5,100
Mar.12	Bank Loan A/c		1,00,000	Mar.31	Rent A/c		5,000

				Mar.31	Input CGST A/c		300
				Mar.31	Input SGST A/c		300
				Mar.31	Balance c/d		1,09,300
			1,20,000				1,20,000

Dr.	Bank Loan Account						Cr.
Date 2018	Particulars	J.F.	Amount (₹)	Date 2018	Particulars	J.F.	Amount (₹)
Mar.31	Balance c/d		1,00,000	Mar.12	Bank A/c		1,00,000

Dr.	Purchases Account						Cr.
Date 2018	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
Mar.5	Cash A/c		10,000	Mar.18	Drawings A/c		1,000

				Mar.31	Balance c/d		9,000
			10,000				10,000

Dr.	Furniture Account						Cr.
Date 2018	Particulars	J.F.	Amount (₹)	Date 2018	Particulars	J.F.	Amount (₹)
Mar.15	Raghu		5,000	Mar.31	Balance c/d		5,000

Dr.	Stationery Account						Cr.
Date 2018	Particulars	J.F.	Amount (₹)	Date 2018	Particulars	J.F.	Amount (₹)
Mar.30	Cash A/c		500	Mar.31	Balance c/d		500

Dr.	Input IGST Account						Cr.
Date 2018	Particulars	J.F.	Amount (₹)	Date 2018	Particulars	J.F.	Amount (₹)
Mar.5	Cash A/c		1,200	Mar.18	Drawings A/c		120
				Mar.31	Balance c/d		1,080
			1,200				1,200

Dr.	Output IGST Account						Cr.
Date 2018	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
Mar.31	Balance c/d		2,400	Mar.8	Mudit		2,400

Dr.	Input CGST Account						Cr.
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount

2018			(₹)	2018			(₹)
Mar.15	Raghu		300	Mar.31	Balance c/d		630
Mar.30	Cash A/c		30				
Mar.31	Rent A/c		300				
			630				630

Dr.				Cr.			
Input SGST Account							
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
2018			(₹)				(₹)
Mar.15	Raghu		300	Mar.31	Balance c/d		630
Mar.30	Cash A/c		30				
Mar.31	Rent A/c		300				
			630				630

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Dr.	Sales Account						Cr.
Date 2018	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
Mar.31	Balance c/d		20,000	Mar.8	Mudit		20,000

Dr.	Mudit's Account						Cr.
Date 2018	Particulars	J.F.	Amount (₹)	Date 2018	Particulars	J.F.	Amount (₹)
Mar.8	Sales A/c		20,000	Mar.31	Balance c/d		22,400
Mar.8	Output IGST A/c		2,400				
			22,400				22,400

Dr.	Raghu's Account						Cr.
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount

2018			(₹)	2018			(₹)
Mar.25	Bank A/c		5,100	Mar.15	Furniture A/c		5,000
Mar.25	Discount Received A/c		500	Mar.15	Input CGST A/c		300
				Mar.15	Input SGST A/c		300
			5,600				5,600

Dr.	Wages and Salaries Account						Cr.
Date 2018	Particulars	J.F.	Amount (₹)	Date 2018	Particulars	J.F.	Amount (₹)
Mar.31	Cash A/c		11,200	Mar.31	Balance c/d		11,200

Dr.	Rent Account						Cr.
Date 2018	Particulars	J.F.	Amount (₹)	Date 2018	Particulars	J.F.	Amount (₹)

Mar.31	Bank A/c		5,000	Mar.31	Balance/d		5,000

Dr.	Discount Received Account						Cr.
Date 2018	Particulars	J.F.	Amount (₹)	Date 2018	Particulars	J.F.	Amount (₹)
Mar.31	Balance c/d		500	Mar.25	Raghu's A/c		500

Trial Balance as on 31 st March' 2018				
S. No.	Accounts	L.F.	Debit Amount (₹)	Credit Amount (₹)
1.	Cash A/c		7,040	
2.	Capital A/c			50,000
3.	Drawings A/c		1,120	

4.	Bank A/c		1,09,300	
5.	Bank Loan A/c			1,00,000
6.	Purchases A/c		9,000	
7.	Sales A/c			20,000
8.	Furniture A/c		5,000	
9.	Stationery A/c		500	
10.	Mudit's A/c		22,400	
11.	Discount Received A/c			500
12.	Rent A/c		5,000	
13.	Wages and Salaries A/c		11,200	
14.	Input IGST A/c		1,080	
15.	Output IGST A/c			2,400
16.	Input CGST A/c		630	
17.	Input SGST A/c		630	
	Total		1,72,900	1,72,900

