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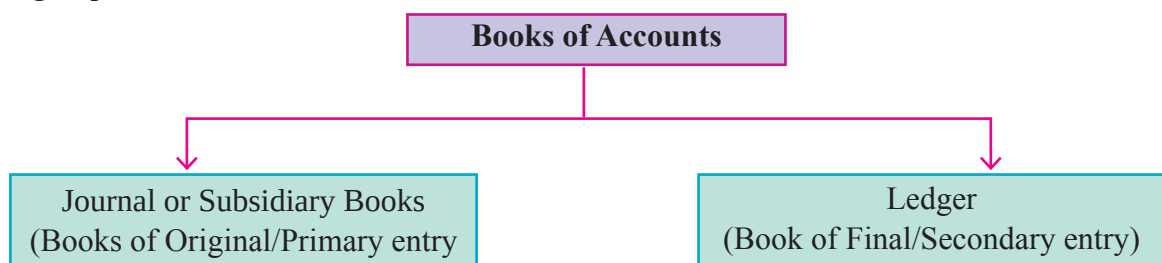
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Competency Statements

Students are able to post recording from Books of original entries to Ledger.
Students learn the balancing of various ledger accounts.
Students are able to prepare Trial Balance

Introduction

In the process of accounting, all the business transactions are recorded in chronological order in Journal. These business transactions are recorded in proper books of accounts. The books of accounts can be grouped as follows:



We are aware that all types of business transactions are recorded in Journal e.g. Transactions related to assets, liabilities, expenses, income, cash or credit etc.

At the end of the particular period if we want to know what is the total amount spent on particular type of expense, or what is the amount payable to particular person /party? These types of questions cannot be answered easily through Journal. So to overcome these limitations of Journal we need Ledger. A Ledger is called as the main Book of Accounts. Once the transactions are recorded in Journal or Subsidiary books the next stage is the transfer of those transactions in their respective accounts opened in the Ledger.

4.1 Meaning and Importance of Ledger

Meaning and Definitions :

Ledger is the Principal Book of accounts. It is also called as book of final entry. It is summarised record which contains all the accounts e.g. Assets A/c, Liabilities A/c, Capital A/c, Revenue A/c, Expenses A/c.

The word '**LEDGER**' is derived from **Latin word 'Ledger'** which means 'to contain' As the ledger is the collection of all the accounts so 'it contains' and hence the name signifies.

1. "A Ledger Account may be defined as a summary, statement of all the transactions relating to persons, assets, expenses or incomes which have taken place during a given period to time and shows their net effect".- **S. P. Jain, K. L. Narang –Advanced Accountancy**
2. "Main record of the accounts of a business, traditionally, a ledger was a large book with separate pages for each account. In modern systems ledger may consist of separate cards or computer records" - **Oxford Dictionary**
3. "A Ledger containing accounts in which all the transactions of a business enterprises or other accounting units are classified either in detail or in summary form"- **E. L. Kohler- A Dictionary for Accountants**

Importance of Ledger

1. It is the summarised record of all the transactions in form of Asset A/c, Liabilities A/c, Expenses A/c, Income A/c etc.
2. The ultimate object of Book-Keeping is to ascertain with the least trouble, what is the amount owed to the supplier, what is the amount receivable from the customer and so on. In the process of posting information collected is condensed in form of Debtors A/c ,Creditors A/c to get the ready results
3. It is necessary for preparation of Trial Balance.
4. The financial position of the business can be easily known with the help of various types of Assets A/c and Liabilities A/c
5. It is possible to prepare various types of income statement on the basis of balances shown by different ledger Accounts.
6. Ledger can be used as a control tool as it shows accounts of various expenses with the balance.
7. On the basis of the results shown in the Ledger it is useful for the management to forecast or plan the future plan of action.

Contents of Ledger

Ledger is a bound book which contains several pages. Each page of a ledger is serially numbered. For each account separate page is allotted. The page number of the ledger is called as 'Ledger Folio' (L.F.) Each ledger account is divided into two sides. The left side is known as debit side and the right side is known as credit side. This is indicated by writing the abbreviations 'Dr.' on the left side top corner and 'Cr.' on the right side top corner.

Every Ledger has an index. Index is prepared in the alphabetical order. The page number on which a particular account appears is shown against the name of the account shown in index. This facilitates quick reference.

Both the sides of the ledger have four columns. These columns are:-

- 1) **Date:** In this column the date of the transaction is written. The year, month and date should be clearly mentioned.
- 2) **Particulars:** In this column, the name of the account in which the corresponding credit or debit is found under double entry principle will be mentioned. The posting on the debit side begins with 'To' and on the credit side with 'By'.

- 3) **Journal Folio (J.F.):** Folio means page number. In Journal Folio (J.F.) column, page number of journal from where we have transferred the entry into Ledger is to be written.
- 4) **Amount:** In the column, the amount for which an account is debited or credited is entered.

4.2 Specimen of Ledger

Specimen of the ledger in 'T' form is given below:

In the books of

Name of the Account

Dr.

Cr.

Date	Particulars	J.F.	Amt (₹)	Date	Particulars	J.F.	Amt (₹)

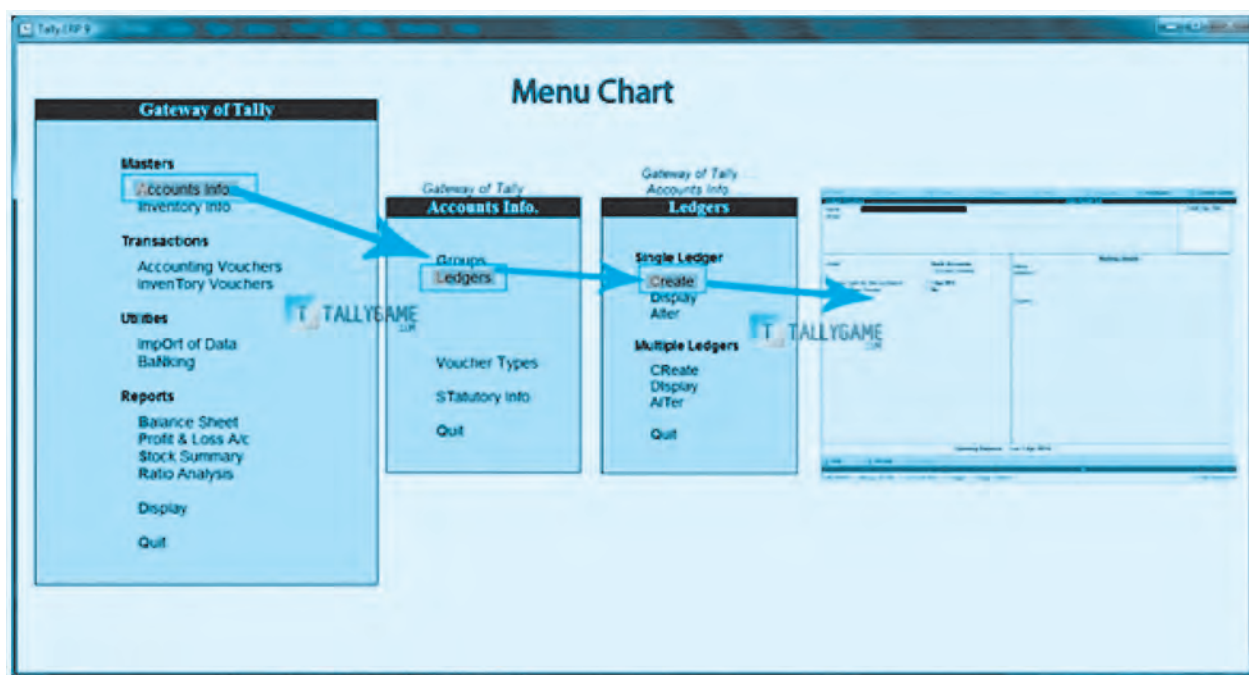
Specimen of the 'Statement form of an Account'

Date	Particulars	J.F.	Debit (₹)	Credit (₹)	Balance (₹)	Initial	Remark

Do you know?????

How computerised ledger account looks

In modern accounting system we use various accounting softwares for recording the transactions.



Orion Computer Repair Company General Ledger Accounts Receivable				
Date	Description	P.R.	Debit (₹)	Credit (₹)
9/8/2018	Computer Repair Sales	GJ1	18,000	

Orion Computer Repair Company General Ledger Accounts Receivable				
Date	Description	P.R.	Debit (₹)	Credit (₹)
9/8/2018	Computer Spare Parts Order	GJ1		7,500
25/9/2018	Computer Spare Parts Order	GJ1		6,500
30/9/2018	Closing Outstanding Spare Part Bills	GJ1	14,000	

4.3 Posting of entries from Journal/Subsidiary books to Ledger

Transactions are recorded in various books of original entry as and when they occur. From the books of original entry, the necessary records in the Ledger are made. The process of transferring entries from the Journal or Subsidiary Books into the appropriate account in the Ledger is called 'Posting'.

The Recording process:

The process of recording transactions in the Ledger involves the following steps:

- 1) From the Journal entries, ledger posting is to be done.
- 2) Open the necessary ledger accounts with proper headings.
- 3) If the opening balance of ledger account is given, it should be posted first, either as 'To balance b/d' or 'By balance b/d'
- 4) For posting the transactions into the ledger account, first write the date of the transaction in the date column.
- 5) In the particular column on the debit side of the ledger account the name of the account credited in the entry is written and on the credit side of ledger account, the name of the account to be debited in the entry is written.

Illustration 1

The above process of recording transactions can be studied with the help of following example;

- 1) Balance of Cash on 1st January 2018 ₹ 15,000
- 2) On 5th January 2018 Raj invested ₹ 10,000 in the business.

2018	Cash A/c.....Dr.	10,000
Jan 5	To Raj's Capital A/c	/

Dr.				Raj's Capital Account				Cr.
Date	Particulars	J.F.	Amt (₹)	Date	Particulars	J.F.	Amt (₹)	
				2018	By Cash A/c		10,000	
				Jan 5				

Posting of combined entries

Combined entry:

Rent A/c and Salaries A/c are debited only with the amount against them in the Journal Entry. Cash A/c is credited with ₹ 8,000 in Journal entry. But since it is on account of two different expenses, both have to be written in the credit side, the total of which is equal to ₹ 8,000

Dr.	Rent Account	Cr.
-----	--------------	-----

Dr.	Salaries Account	Cr.
-----	------------------	-----

Dr.	Cash Account	Cr.
-----	--------------	-----

Date	Particulars	J.F.	Amt (₹)	Date	Particulars	J.F.	Amt (₹)
				2018			
				Jan 18	By Rent A/c		3,000
				Jan 18	By Salaries A/c		5,000

Illustration 3

Posting of combined entries related to GST

Intra-state purchase of goods for ₹ 40,000 and GST applicable, amount paid by cheque.

The rates of GST applicable are

Input SGST 2.5% Input CGST 2.5% Input IGST 5%

Journal Entry (Page no. 5)

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
2018 Jan 31	Purchases A/c Dr. 11 40,000			
	Input SGST A/c Dr. 15 1,000			
	Input CGST A/c Dr. 16 1,000			
	To Bank A/c 17			42,000
	(Being Goods purchased and 2.5% SGST and 2.5% CGST paid)			

Dr. Purchase Account (Ledger Page No. 11)				Cr.			
Date	Particulars	J.F.	Amt (₹)	Date	Particulars	J.F.	Amt (₹)
2018 Jan 31	To Bank A/c	05	40,000				

Dr. Input SGST Account (Ledger Page No. 15)				Cr.			
Date	Particulars	J.F.	Amt (₹)	Date	Particulars	J.F.	Amt (₹)
2018 Jan 31	To Bank A/c	05	1,000				

Dr. Input CGST Account (Ledger Page No. 16)				Cr.			
Date	Particulars	J.F.	Amt (₹)	Date	Particulars	J.F.	Amt (₹)
2018 Jan 31	To Bank A/c	05	1,000				

Dr. Bank Account (Ledger Page No. 17)				Cr.			
Date	Particulars	J.F.	Amt (₹)	Date	Particulars	J.F.	Amt (₹)
				2018 Jan 31	By Purchases A/c	05	40,000
					By Input SGST A/c	05	1,000
					By Input CGST A/c	05	1,000

Do You Know?

Rate of GST applicable to goods and services is different. Tax liability is to be found out according to Inter-state sale/purchase and Intra-state sale/purchase.

Currently there are three types of GSTs applicable

- 1) SGST- State Goods and Service Tax
- 2) CGST-Central Goods and Service Tax
- 3) IGST– Integrated GST.

* Rate applicable to different types of goods and services subject to change according to Government policies.

Posting of entries from Subsidiary Books

1) Posting from Cash Book

Separate column of Cash and Bank will serve as Cash A/c and Bank A/c.

So no need to open Cash A/c and Bank A/c, as the Cash Book serves the purpose of Journal as well as Ledger. Entries posted on the debit side of the Cash Book are posted on credit side of Personal A/c, Real A/c or Nominal A/c. In the same way entries which are posted on credit side of Cash Book are shown on debit side of those ledger accounts.

Posting from Petty Cash Book

Initially main cashier hands over some cash to petty cashier for that entry is

Petty Cash A/cDr.

To Cash/Bank A/c

Petty cashier will spend for all petty expenses from available cash. To record these various expenses journal entry will be

Individual Expenses A/cDr.

To Petty cash A/c

Taking imaginary expenses head, the Journal Entry would be :

Travelling & Conveyance A/cDr.

Postage A/cDr.

Printing & Stationery A/cDr.

Sundry Expenses A/cDr.

To Petty Cash A/c

The ledger posting will be done in Individual Expenses account as well as in Petty Cash Account.

Illustration 4

Posting of entries in Purchase Book

The total of Purchase Book for the month will be shown on debit side of Purchase Account and in suppliers account effect will be shown on credit side of each Supplier's Account.

Purchase Book

Date	Particulars	Inward Invoice No.	L.F.	Amt (₹)
2018 Dec 5 Dec 21	Mudra stores Akash Co. Ltd.			15,000 12,000
	Total			27,000

Dr. Purchases A/c Cr.

Date	Particulars	J.F.	Amt (₹)	Date	Particulars	J.F.	Amt (₹)
2018 Dec 31	To Sundries as per Purchase Book		27,000				

Dr. Mudra Stores A/c Cr.

Date	Particulars	J.F.	Amt (₹)	Date	Particulars	J.F.	Amt (₹)
				2018 Dec 5	By Purchases A/c		15,000

Dr. Akash Co. Ltd. A/c Cr.

Date	Particulars	J.F.	Amt (₹)	Date	Particulars	J.F.	Amt (₹)
				2018 Dec 21	By Purchases A/c		12,000

Illustration 5

Posting of entries in Sales Book

The total of Sales Book for the month will be shown on credit side of Sales Account and in customers account effect will be shown on debit side of each Customer's Account.

Sales Book

Date	Particulars	Outward Invoice No.	L.F.	Amt (₹)
2018 Dec 17 Dec 22	Narendra Devendra			22,000 18,000
	Total			40,000

Dr. Sales A/c				Cr.			
Date	Particulars	J.F.	Amt (₹)	Date	Particulars	J.F.	Amt (₹)
				2018 Dec 31	By Sundries as per Sales Book		40,000

Dr. Narendra's A/c				Cr.			
Date	Particulars	J.F.	Amt (₹)	Date	Particulars	J.F.	Amt (₹)
2018 Dec 7	To Sales A/c		22,000				

Dr. Devendra's A/c				Cr.			
Date	Particulars	J.F.	Amt (₹)	Date	Particulars	J.F.	Amt (₹)
2018 Dec 22	To Sales A/c		18,000				

Illustration 6

Posting of entries in Purchase Return Book/Return Outward Book

The total of Purchase Return Book will be shown on credit side of Purchase Return Account and in suppliers account effect will be shown on debit side separately for each supplier.

Purchase Return Book/Return Outward Book

Date	Particulars	Debit Note No.	L.F.	Amt (₹)
2018 Dec 7	Mudra Stores			2,200
	Total			2,200

Dr. Purchase Return A/c				Cr.			
Date	Particulars	J.F.	Amt (₹)	Date	Particulars	J.F.	Amt (₹)
				2018 Dec 31	By Sundries as per Purchase Return Book		2,200

Dr. Mudra Stores A/c				Cr.			
Date	Particulars	J.F.	Amt (₹)	Date	Particulars	J.F.	Amt (₹)
2018 Dec 7	To Purchase Return A/c		2,200				

Illustration 7

Posting of entries in Sales Return Book/Return Inward Book

The total of Sales Return Book for the month will be posted on debit side of Sales Return Account and effect will be shown on credit side of each Customer's Account.

Sales Return book/Return Inward book

Date	Name of the Supplier	Outward Invoice No.	L.F.	Amt (₹)
2018 Dec 24	Devendra			900
	Total			900

Dr. Sales Return A/c				Cr.			
Date	Particulars	J.F.	Amt (₹)	Date	Particulars	J.F.	Amt (₹)
2018 Dec 31	To Sundries as per Sales Return book		900				

Dr. Devendra's A/c				Cr.			
Date	Particulars	J.F.	Amt (₹)	Date	Particulars	J.F.	Amt (₹)
				2018 Dec 24	By Sales Return A/c		900

Posting of entries from Journal Proper

The entries shown in Journal Proper are posted to respective accounts in the Ledger.

Balancing of Ledger Accounts

Balancing of Ledger accounts means totalling both the sides of Ledger Account, finding the difference between greater total and smaller total and recording the difference on the smaller side

Steps for balancing the ledger accounts

- 1) Take the totals of both the sides i.e Debit and Credit.
- 2) Find out the difference between both the sides.
- 3) If the debit side total is more than the credit side then difference will be shown on credit side as 'By Balance c/d' in particulars column and difference amount is shown in amount column.
- 4) Same way if the credit side total is higher than the debit side total then the difference amount is shown on debit side as 'To Balance c/d' in particulars column and difference amount is shown in amount column.
- 5) These closing balances of different ledger accounts are shown as Opening Balances for the next period. Closing balance shown on debit side of ledger account will be shown as Opening Balance on the credit side at the beginning of the period as 'By Balance b/d'
- 6) Closing Balance shown on credit side of ledger account will be shown on debit side of the account as Opening Balance at the beginning of the period as 'To Balance b/d'

Do you know?????

If the total of debit side of the account is higher than the total of credit side the account is said to have Debit balance and vice-versa.



4.4 Balancing of Ledger Accounts

1. Personal Account
2. Real Account
3. Nominal Account

Balancing of Personal Account

These accounts may have debit balance or credit balance or nil balance. A personal account having debit balance is a Debtor and credit balance is a Creditor. Balance of these accounts is carried forward.

- a) Debit balance:** If the debit side total of ledger Account is more than the credit side total it indicates a debit balance.

Illustration 8

2018

- Feb 1 Sold goods to Raghav ₹6,000.
3 Received cash from Raghav ₹5,400 and allowed him cash discount ₹600.
17 Invoiced goods to Raghav ₹ 14000.
20 Received from Raghav ₹ 6,000.

Journal Entries

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
2018 Feb 1	Raghav's A/c Dr. To Sales A/c (Being goods sold to Raghav)		6,000	6,000
3	Cash A/c Dr. Discount Allowed A/c Dr. To Raghav's A/c (Being cash received from Raghav and discount allowed)		5,400 600	6000
17	Raghav's A/c Dr. To Sales A/c (Being goods sold to Raghav)		14,000	14,000
20	Cash A/c Dr. To Raghav's A/c (Being cash received from Raghav)		6,000	6,000
	Total		32,000	32,000

Dr. Raghav's Account				Cr.			
Date	Particulars	J.F.	Amt (₹)	Date	Particulars	J.F.	Amt (₹)
2018				2018			
Feb 1	To Sales A/c		6,000	Feb 3	By Cash A/c		5,400
17	To Sales A/c		14,000	3	By Discount allowed A/c		600
				20	By Cash A/c		6,000
				28	By Balance c/d		8,000
			20,000				20,000
Mar 1	To Balance b/d		8,000				

Note: Raghav's A/c is having Debit balance so he is a Debtor of the business.

- b) Credit balance:** If the total of credit side of an account is more than debit side it indicates credit balance.

Illustration 9

2019

- Jan. 1 Bought goods from Anupam ₹ 8,000.
 10 Goods returned to Anupam ₹700.
 20 Cash paid to Anupam ₹7,000.

Solution : **Journal entries**

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
2019				
Jan 1	Purchases A/c Dr. To Anupam's A/c (Being goods purchased on credit)		8,000	8,000
10	Anupam's A/c Dr. To Purchases Return A/c (Being goods returned)		700	700
20	Anupam's A/c Dr. To Cash A/c (Being cash paid to Anupam)		7,000	7,000
	Total		15,700	15,700

Posting of these entries in Anupam's A/c

Dr. Anupam's Account				Cr.			
Date	Particulars	J.F.	Amt (₹)	Date	Particulars	J.F.	Amt (₹)
2019				2019			
Jan 10	To Purchases Return A/c		700	Jan 1	By Purchases A/c		8,000
20	To Cash A/c		7,000				
31	To Balance c/d		300				
			8,000				8,000
				Feb 1	By Balance b/d		→ 300

Note : Anupam's A/c shows a credit balance so he is our Creditor.

Illustration 10

Following transactions took place between Abha & Nabha .Prepare Abha's A/c in the books of Nabha and Nabha's A/c in the books of Abha.

2019

- Sept. 1 Abha owed to Nabha ₹ 22,000.
 3 Nabha received ₹ 16,000 on account from Abha.
 9 Abha bought goods from Nabha ₹ 5,000.
 20 Abha paid to Nabha ₹ 6,000 on account @5% cash discount.
 25 Nabha received goods returned by Abha ₹ 550.
 30 Abha paid ₹ 1,500 to Nabha.

In the books of Nabha

Dr. Abha's Account				Cr.			
Date	Particulars	J.F.	Amt (₹)	Date	Particulars	J.F.	Amt (₹)
2019				2019			
Sept 1	To Balance b/d		22,000	Sept 3	By Cash A/c		16,000
Sept 9	To Sales A/c		5,000	20	By Cash A/c		5,700
				20	By Discount allowed A/c		300
				25	By Sales Return A/c		550
				30	By Cash A/c		1,500
				30	By Balance c/d		2,950
			27,000				27,000
2019							
Oct 1	To Balance b/d		2,950				

In the books of Abha

Dr.				Nabha's Account				Cr.					
Date		Particulars		J.F.	Amt (₹)		Date		Particulars		J.F.	Amt (₹)	
2019							2019						
Sept 3		To Cash A/c			16,000		Sept 1		By Balance b/d			22,000	
20		To Cash A/c			5,700		9		By Purchases A/c			5,000	
20		To Discount Received A/c			300								
25		To Purchase Return A/c			550								
30		To Cash A/c			1,500								
30		To Balance c/d			2,950								
					27,000							27,000	
							2019						
							Oct 1		By Balance b/d			2,950	

Note : In the books Nabha, Abha is having debit balance so she is a debtor of Nabha.

In the books Abha, Nabha is having credit balance so she is a creditor of Abha.

Balancing of Real Account

Accounts which are related to assets and properties are real accounts. e.g.: Cash A/c, Furniture A/c etc. Real Account always shows a debit balance.

Illustration 11

Pass necessary Journal Entries for the following transactions and show Cash Account only.

2019

- Mar. 1 Cash Balance ₹ 10,000.
6 Bought Goods ₹ 2,500.
7 Received from Sudhir ₹ 3,000.
10 Paid to Madhuri ₹ 2,000.
12 Cash Sales ₹ 7,000.
20 Paid Rent ₹ 3,500.

Solution :

Journal entries

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
2019 Mar 6	Purchases A/c Dr. To Cash A/c (Being goods purchased for cash)		2,500	2,500
7	Cash A/c Dr. To Sudhir's A/c (Being amount received from Sudhir)		3,000	3,000
10	Madhuri's A/c Dr. To Cash A/c (Being amount paid to Madhuri)		2,000	2,000

12	Cash A/c To Sales A/c (Being goods sold for cash)	Dr.		7,000	7,000
20	Rent A/c To Cash A/c (Being paid Rent)	Dr.		3,500	3,500
	Total			18,000	18,000

Dr.				Cr.			
Cash Account							
Date	Particulars	J.F.	Amt (₹)	Date	Particulars	J.F.	Amt (₹)
2019				2019			
Mar 1	To Balance b/d		10,000	Mar 6	By Purchases A/c		2,500
7	To Sudhir's A/c		3,000	10	By Madhuri's A/c		2,000
12	To Sales A/c		7,000	20	By Rent A/c		3,500
				31	By Balance c/d		12,000
			20,000				20,000
April 1	To Balance b/d		12,000				

Note: Cash A/c always shows a debit balance.

Balancing of Nominal Account

Nominal Accounts means the accounts which are related to expenses, incomes, losses and gains. This account may have a debit balance or a credit balance. At the end of the accounting year the balances of all Nominal Accounts are transferred to Trading or Profit and Loss Account.

Illustration 12

2019

Feb. 1	Salaries A/c (Dr.bal)	₹ 30,000
5	Paid Salaries by cheque	₹ 5,000
March 5	Paid Salaries	₹ 3,000

Accounts are closed on 31st March every year.

Dr.				Salaries Account				Cr.					
Date		Particulars		J.F.	Amt (₹)		Date		Particulars		J.F.	Amt (₹)	
2019							2019						
Feb 1		To Balance b/d			30,000		Feb 28		By Balance c/d			35,000	
5		To Bank A/c			5,000								
					35,000							35,000	
Mar 1		To Balance b/d			35,000		Mar 31		By Profit & Loss A/c			38,000	
5		To Cash A/c			3,000								
					38,000							38,000	



Activity 1

Sahil is having wooden furniture manufacturing unit. He maintains his books on double entry system. On 1.1.2018 his cash balance is ₹50,000. He purchased loose parts of furniture from Décor mart at ₹ 6,000 on 7.1.2018. He sold Chairs to Avinash traders for ₹ 9,000 on 9.1.2018.

Cash purchases ₹4,500 on 12.1.2018, Sold a study table for ₹ 2,500 on 15.1.2018, Paid to Décor mart ₹4,200 on 20.1.2018, Received from Avinash traders ₹ 7,000 on 24.1.2018, Paid for cleaning charges ₹800 on 28.1.2018.

Amount paid to Décor mart ₹ 1,500 in full settlement of account 1.2.2018. On 7.2.2018 amount received from Avinash traders ₹1,900 in full settlement of account. Paid for salary ₹ 8,000 on 15.2.2018. Paid for Rent ₹ 9,000 on 25.2.2018.

On the basis of above information answer the following

1. What is the balance of cash on 31.1.2018 and 28.2.2018 ?
2. Who is the Debtor on 31.1.2018 and for what amount ?
3. Who is the Creditor on 31.1.2018 and for what amount ?
4. Who is the Debtor and creditor on 28.2.2018 ?



Activity 2

You or your parents must be having Bank account. Bank provides the details of all our transactions related to Bank in the Pass book. This book is nothing but our account (Customer's A/c) in the books of bank. It is computerised ledger printed in statement form. Try to read this ledger and identify the entries posted in the Pass Book e.g. cheque deposited in bank, Amount withdrawn from bank etc. Read the description printed in the Pass Book for these entries and write down the 10 transactions for which entries are posted in the Pass Book.



Activity 3

An inexperienced accountant, Girish maintained a ledger account incompletely. Check the ledger account and help him to find out the missing amounts and answer the questions given below.

In the books of Manish

Dr.				Mahesh's Account				Cr.
Date	Particulars	J.F.	Amt (₹)	Date	Particulars	J.F.	Amt (₹)	
2018				2018				
Mar 1	To Balance b/d		64,000	Mar 6	By Return Inward A/c		...?...	
3	To Sales A/c		60,000	9	By Purchases A/c		9,000	
11	To Cash A/c		5,000	16	By Purchases A/c		30,000	
24	To Sales A/c		31,000	22	By Bank A/c		24,000	
25	To Return Outward A/c		...?...	22	By Discount allowed A/c		3,000	
				31	By Bank A/c		85,000	
				31	By Discount Allowed A/c		...?...	
			1,62,000				1,62,000	

Out of the goods sold to Mahesh on 3rd March, 10% goods are returned by him on 6th March.

- 1) Write transactions for the postings dated 6th March and 25th March.
- 2) Write down the Journal Entries for the postings dated 22nd March and 31st March.
- 3) Is Mahesh Debtor or Creditor on 31st March?

4.5 Preparation of Trial Balance

Trial Balance

A Trial balance is an abstract or list of all the ledger accounts as on a specific date showing debit and credit balances of all Ledger Accounts. Usually, Trial Balance is prepared at the end of the financial year. However it can be prepared periodically depending upon requirement of the business. It is prepared to ascertain the arithmetical accuracy of Books of Accounts.

Types of Trial Balance:

- (1) **Gross Trial Balance:** In this type of Trial Balance total of debit side of a particular account is shown in the debit column of the Trial Balance and total of credit side of a particular account is shown in the credit column of the Trial Balance. It is not in common use as it does not disclose the balance of each account.
- (2) **Net Trial Balance:** In this type of Trial Balance only the balances of each ledger account are shown against its name. If an account shows a credit balance then its balance is recorded in the credit amount column and vice versa. this Trial Balance is used in practice

Methods of preparing Trial Balance:

There are two methods of preparing Trial Balance

- (1) Vertical or Journal form of Trial Balance
- (2) Horizontal or Ledger form of Trial Balance

Format of Vertical / Journal form of Trial Balance

Trial Balance as on.....

Sr. No.	Head of Accounts	L.F.	Debit (₹)	Credit (₹)

Format of Horizontal / Ledger form of Trial Balance

Trial Balance as on.....

Sr. No.	Debit Balances	L.F.	Amt (₹)	Sr. No.	Credit Balances	L.F.	Amt (₹)

Utility of a Trial Balance:

- 1) It shows balances of different Ledger accounts.
- 2) It proves arithmetical accuracy of Books of Accounts.
- 3) It helps to prepare Final Accounts of a business.

Illustration 13

Journalise the following transactions in the books of Virat traders, open necessary ledger accounts, balance the accounts and prepare a Trial Balance as on 31st March 2019

2019

- March 1 Virat started business with Cash ₹ 50,000, Cash at Bank of India ₹ 7,000, Furniture ₹ 10,000.
- 3 Purchased goods from Rohit worth ₹ 10,000 less 10% T.D.
- 7 Sold goods to Sunil ₹ 5,000 less 5% T.D.
- 10 Deposited Cash with Bank Of India ₹ 5,000.
- 12 Purchased Furniture from Varma on credit worth ₹ 20,000.
- 15 Paid to Varma by net banking ₹ 8,000.
- 17 Paid Printing expenses ₹ 200.
- 20 Received Commission ₹ 200.
- 25 Withdrew Cash from Bank ₹ 1,000 by ATM
- 28 Paid to Varma ₹ 11,500 in full settlement of his account.
- 30 Paid Advertisement bill ₹ 500

Solution :

**In the books of Virat Traders
Journal**

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
2019 Mar. 1	Cash A/c Dr. Bank of India A/c Dr. Furniture A/c Dr. To Virat's Capital A/c (Being started business with cash, bank and furniture)		50,000 7,000 10,000	67,000
3	Purchases A/c Dr. To Rohit's A/c (Being purchased goods from Rohit less 10% T.D.)		9,000	9,000
7	Sunil's A/c Dr. To Sales A/c (Being goods sold to Sunil less 5% T.D.)		4,750	4,750

10	Bank of India A/c To Cash A/c (Being cash deposited with Bank)	Dr.		5,000	5,000
12	Furniture A/c To Varma's A/c (Being purchased furniture from Varma)	Dr.		20,000	20,000
15	Varma's A/c To Bank of India's A/c (Being purchased furniture by netbanking)	Dr.		8,000	8,000
17	Printing Expenses A/c To Cash A/c (Being paid printing bill)	Dr.		200	200
20	Cash A/c To Commission A/c (Being received commission)	Dr.		200	200
25	Cash A/c To Bank of India's A/c (Being withdraw cash from Bank)	Dr.		1,000	1,000
28	Varma's A/c To Cash A/c To Discount received A/c (Being paid to Varma in full settlement of his account.)	Dr.		12,000	11,500 500
30	Advertisement A/c To Cash A/c (Being paid Advertisement bill)	Dr.		500	500
	Total			1,27,650	1,27,650

Ledger Accounts

Dr.				Virat's Capital Account				Cr.									
Date		Particulars		J.F.	Amt (₹)		Date		Particulars		J.F.	Amt (₹)					
2019		To Balance c/d			67,000		2019		By Cash A/c			50,000					
Mar. 31							Mar. 1							By Bank of India's A/c		7,000	
							1							By Furniture A/c		10,000	
																67,000	
							67,000							67,000			
						April 1		By Balance b/d				67,000					

Dr. Cash Account				Cr.			
Date	Particulars	J.F.	Amt (₹)	Date	Particulars	J.F.	Amt (₹)
2019				2019			
Mar. 1	To Virat's Capital A/c		50,000	Mar. 10	By Bank of India A/c		5,000
20	To Commission A/c		200	17	By Printing A/c		200
25	To Bank of India A/c		1,000	28	By Varma's A/c		11,500
				30	By Advertisement A/c		500
				31	By Balance c/d		34,000
			51,200				51,200
April 1	To Balance b/d		34,000				

Dr. Bank of India's Account				Cr.			
Date	Particulars	J.F.	Amt (₹)	Date	Particulars	J.F.	Amt (₹)
2019				2019			
Mar. 1	To Virat's Capital A/c		7,000	Mar. 15	By Varma's A/c		8,000
10	To Cash A/c		5,000	25	By Cash A/c		1,000
				31	By Balance c/d		3,000
			12,000				12,000
April 1	To Balance b/d		3,000				

Dr. Furniture Account				Cr.			
Date	Particulars	J.F.	Amt (₹)	Date	Particulars	J.F.	Amt (₹)
2019				2019			
Mar. 1	To Virat's Capital A/c		10,000	Mar. 31	By Balance c/d		30,000
10	To Varma's A/c		20,000				
			30,000				30,000
April 1	To Balance b/d		30,000				

Dr. Purchases Account				Cr.			
Date	Particulars	J.F.	Amt (₹)	Date	Particulars	J.F.	Amt (₹)
2019				2019			
Mar. 3	To Rohit's A/c		9,000	Mar. 31	By Balance c/d		9,000
			9,000				9,000
April 1	To Balance b/d		9,000				

Dr. Rohit's Account				Cr.			
Date	Particulars	J.F.	Amt (₹)	Date	Particulars	J.F.	Amt (₹)
2019 Mar.31	To Balance c/d		9,000	2019 Mar. 3	By Purchases A/c		9,000
			9,000				9,000
				April 1	By Balance b/d		9,000

Dr. Sunil's Account				Cr.			
Date	Particulars	J.F.	Amt (₹)	Date	Particulars	J.F.	Amt (₹)
2019 Mar. 7	To Sales A/c		4,750	2019 Mar. 31	By Balance c/d		4,750
			4,750				4,750
April 1	To Balance b/d		4,750				

Dr. Sales Account				Cr.			
Date	Particulars	J.F.	Amt (₹)	Date	Particulars	J.F.	Amt (₹)
2019 Mar.31	To Balance c/d		4,750	2019 Mar. 31	By Sunil's A/c		4,750
			4,750				4,750
				April 1	By Balance b/d		4,750

Dr. Varma's Account				Cr.			
Date	Particulars	J.F.	Amt (₹)	Date	Particulars	J.F.	Amt (₹)
2019 Mar.15	To Bank of India's A/c		8,000	2019 Mar. 1	By Furniture A/c		20,000
28	To Cash A/c		11,500				
28	To Discount received A/c		500				
			20,000				20,000

Dr. Printing Expenses Account				Cr.			
Date	Particulars	J.F.	Amt (₹)	Date	Particulars	J.F.	Amt (₹)
2019 Mar.17	To Cash A/c		200	2019 Mar. 31	By Balance c/d		200
			200				200
April 1	To Balance b/d		200				

Dr. Commission Account				Cr.			
Date	Particulars	J.F.	Amt (₹)	Date	Particulars	J.F.	Amt (₹)
2019 Mar.31	To Balance c/d		200	2019 Mar. 20	By Cash A/c		200
			200				200
				April 1	By Balance b/d		200

Dr. Discount Account				Cr.			
Date	Particulars	J.F.	Amt (₹)	Date	Particulars	J.F.	Amt (₹)
2019 Mar.31	To Balance c/d		500	2019 Mar. 28	By Varma's A/c		500
			500				500
				April 1	By Balance b/d		500

Dr. Advertisement Account				Cr.			
Date	Particulars	J.F.	Amt (₹)	Date	Particulars	J.F.	Amt (₹)
2019 Mar.30	To Cash A/c		500	2019 Mar. 31	By Balance c/d		500
			500				500
April 1	To Balance b/d		500				

Trial Balance as on 31st March 2019

Debit balances	Amt (₹)	Credit balances	Amt (₹)
Cash	34,000	Virat's capital	67,000
Bank of India	3,000	Rohit	9,000
Furniture	30,000	Sales	4,750
Purchases	9,000	Commission	200
Sunil	4,750	Discount	500
Printing Expenses	200		
Advertisement	500		
	81,450		81,450

Illustration 14

The following balances appeared in the ledger of Karan on 1st January 2018.

Debit balances	Amount (₹)	Credit Balances	Amount (₹)
Cash Account	60,000	Karan's Capital A/c	2,00,000
Purchases Account	80,000	Sales A/c	40,000
Bank of Maharashtra A/c	1,00,000		

- January 5 Bought goods from Rushi ₹ 10,000.
10 Drew from Bank ₹ 20,000 for office and ₹ 6,000 for self use.
17 Return goods to Rushi 2,000.
19 Cash Purchases ₹ 14,000.
22 Cash Sales ₹ 20,000.
26 Deposited into Bank ₹ 16,000.
28 Interest collected by Bank ₹ 7,000 on our behalf.

Pass Journal Entries, prepare necessary Ledger Accounts and prepare a Trial Balance as on 31st January 2018

Solution :

Journal entries

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
2018 Jan. 1	Purchases A/c Dr. To Rushi's A/c (Being goods purchased on credit)		10,000	10,000
10	Cash A/c Dr. Karan's Drawings A/c Dr. To Bank of Maharashtra's A/c (Being Amount withdrawn for personal use and office use.)		20,000 6,000	26,000
17	Rushi's A/c Dr. To Purchases Return A/c (Being goods returned to Rushi)		2,000	2,000
19	Purchases A/c Dr. To Cash A/c (Being goods purchased for cash)		14,000	14,000
22	Cash A/c Dr. To Sales A/c (Being goods sold for cash)		20,000	20,000

26	Bank of Maharashtra's A/c To Cash A/c (Being cash deposited into bank)	Dr.		16,000	16,000
28	Bank of Maharashtra A/c To Interest A/c (Being interest collected by bank on our behalf)	Dr.		7,000	7,000
	Total			95,000	95,000

Ledger Accounts :

Dr. Purchases Account				Cr.			
Date	Particulars	J.F.	Amt (₹)	Date	Particulars	J.F.	Amt (₹)
2018				2018			
Jan. 1	To Balance b/d		80,000	Jan. 31	By Balance c/d		1,04,000
5	To Rushi's A/c		10,000				
19	To Cash A/c		14,000				
			1,04,000				1,04,000
Feb 1	To Balance b/d		1,04,000				

Dr. Rushi Account				Cr.			
Date	Particulars	J.F.	Amt (₹)	Date	Particulars	J.F.	Amt (₹)
2018				2018			
Jan.17	To Purchases Return A/c		2,000	Jan. 5	By Purchases A/c		10,000
31	To Balance c/d		8,000				
			10,000				10,000
				Feb. 1	By Balance b/d		8,000

Dr. Cash Account				Cr.			
Date	Particulars	J.F.	Amt (₹)	Date	Particulars	J.F.	Amt (₹)
2018				2018			
Jan. 1	To Balance b/d		60,000	Jan. 19	By Purchases A/c		14,000
10	To Bank of Maharashtra's A/c		20,000	26	By Bank of Maharashtra's A/c		16,000
19	To Sales A/c		20,000	31	By Balance c/d		70,000
			1,00,000				1,00,000
Feb. 1	To Balance b/d		70,000				

Dr. Karan's Drawings Account Cr.

Date	Particulars	J.F.	Amt (₹)	Date	Particulars	J.F.	Amt (₹)
2018				2018			
Jan.10	To Bank of Maharashtra's A/c		6,000	Jan.31	By Balance c/d		6,000
			6,000				6,000
Feb. 1	To Balance b/d		6,000				

Dr. Purchases Return Account Cr.

Date	Particulars	J.F.	Amt (₹)	Date	Particulars	J.F.	Amt (₹)
2018				2018			
Jan.31	To Balance c/d		2,000	Jan. 17	By Rushi's A/c		2,000
			2,000				2,000
				Feb. 1	By Balance b/d		2,000

Dr. Sales account Cr.

Date	Particulars	J.F.	Amt (₹)	Date	Particulars	J.F.	Amt (₹)
2018				2018			
Jan.31	To Balance c/d		60,000	Jan. 1	By Balance b/d		40,000
			60,000	22	By Cash A/c		20,000
							60,000
				Feb. 1	By Balance b/d		60,000

Dr. Bank of Maharashtra's Account Cr.

Date	Particulars	J.F.	Amt (₹)	Date	Particulars	J.F.	Amt (₹)
2018				2018			
Jan. 1	To Balance b/d		1,00,000	Jan. 10	By Cash A/c		20,000
26	To Cash A/c		16,000	10	By Karan's Drawings A/c		6,000
31	To Interest received A/c		7,000	31	By Balance c/d		97,000
			1,23,000				1,23,000
Feb. 1	To Balance b/d		97,000				

Dr. Interest Received Account Cr.

Date	Particulars	J.F.	Amt (₹)	Date	Particulars	J.F.	Amt (₹)
2018				2018			
Jan.31	To Balance c/d		7,000	Jan. 28	By Bank of Maharashtra's A/c		7,000
			7,000				7,000
				Feb. 1	By Balance b/d		7,000

Dr. Karan's Capital Account				Cr.			
Date	Particulars	J.F.	Amt (₹)	Date	Particulars	J.F.	Amt (₹)
2018				2018			
Jan. 31	To Balance b/d		2,00,000	Jan. 1	By Balance b/d		2,00,000
			2,00,000	Feb. 1	By Balance b/d Interest		2,00,000
					Recieved Account		2,00,000

Trial Balance as on 31st Jan. 2018

Sr. No.	Name of Account	L.F.	Debit Amount (₹)	Credit Amount (₹)
1.	Cash		70,000	
2.	Purchases		1,04,000	
3.	Purchase Return			2,000
4.	Rushi			8,000
5.	Bank of Maharashtra		97,000	
6.	Karan's Capital			2,00,000
7.	Karan's Drawings		6,000	
8.	Sales			60,000
9.	Interest			7,000
	Total		2,77,000	2,77,000

Do You know?????

How transaction travels?



EXERCISE

Q.1 Answer in one sentence only

- 1) What is Ledger?
- 2) What is ledger posting?
- 3) When does an account show a nil balance?
- 4) What is Folio?
- 5) Where is the statement form of ledger A/c is used in actual practice?
- 6) Why Proprietor's Capital account is a liability for the business?
- 7) Why does cash account never shows a credit balance?
- 8) What is 'Trial Balance'?

Q.2 Write the word, term, phrase, which can substitute each of the statement.

- 1) Principal Book of accounts.
- 2) Transferring a journal entry to the appropriate accounts in the Ledger.
- 3) Page number of Ledger to which an entry is posted.
- 4) The process of extracting the balance and inserting it on lesser side of an account.
- 5) A debit balance to Personal Accounts.
- 6) A credit balance to Bank Account.
- 7) An account to be debited for goods damaged by fire.
- 8) A Trial Balance in which only net balances of all ledger accounts are transferred.

Q.3 Select appropriate alternatives from those given below and rewrite the sentences.

- 1) In case of a credit transaction one of the account must be aaccount.
a) Cash b) Credit c) Personal d) Debit
- 2) 'c/d' indicatesbalance.
a) Opening b) Closing c) Positive d) Negative
- 3) Column of ledger is used for writing page number of Journal.
a) J.F. b) L.F. c) Date d) Particulars
- 4) Debtors Account showsbalance.
a) Real b) Negative c) Credit d) Debit
- 5)is the process of deriving the difference between totals of the debit and credit side of each ledger a/c.
a) Totalling b) Journalizing c) Balancing d) Posting.
- 6) Total of Purchase book is.....to Purchase Account.
a) posted b) moved c) given d) entered.
- 7) Real account always shows.....balance.
a) minimum b) maximum c) debit d) credit
- 8)is prepared to test arithmetical accuracy of Books of Accounts.
a) Trial Balance b) Ledger c) Journal d) List

Q.4 State whether the following statements are 'True or False' with reasons.

- 1) Ledger is a book of Original Entry.
- 2) The process of recording a transaction in the Journal is called Posting.
- 3) A cash withdrawal from business by the trader should be credited to Drawings A/c
- 4) Balances of Nominal Accounts are carried forward to the next year.
- 5) When debit side of an account is greater than the credit side, the account shows a debit balance.
- 6) The name of an account written on top of each account is called 'Head of Account'.
- 7) Agreement of Trial Balance always proves accounting accuracy.
- 8) Trial balance is based on the double entry principle that for every debit there is equal amount of corresponding credit.

Q.5 Fill in the blanks.

- 1) Balance on Nominal Account shows expenses or loss.
- 2) Cash account always shows.....balance.
- 3) The right hand side of an account is called.....side.
- 4) Creditors shows.....balance.
- 5)accounts are closed by transferring its balances to Profit and Loss Account.
- 6) 'b/d' means.....
- 7) Rent paid for the residential quarter will be debited to.....account.
- 8) Sold goods of ₹ 24,000 at 20% Profit on cost, the purchase price of the goods is.....

Q.6 Complete the following table.

1)	Journal	Journalising
	?	Posting

2)	Sales Return	Return Inward
	Purchase Return	?

3)	L.F.	Journal
	?	Ledger

4)	Assets	Debit Balance
	Liabilities	?

5)	Land & Building	Real Account
	Commission Received	?

Q.7 Put mark for the nature of balance for the following.

	Account	Dr. Balance	Cr. Balance
1)	Capital A/c		
2)	Goodwill		
3)	Bank Overdraft		
4)	Bills Receivable		
5)	Creditors		

6)	Drawings		
7)	Advertisement		
8)	Prepaid Rent		
9)	Outstanding Salary		
10)	Bad debts		

PRACTICAL PROBLEMS

Q.1 Give Journal entries of the following posting from the ledger account.

In the books of Sopan							
Dr.				Cr.			
Cash Account							
Date	Particulars	J.F.	Amt (₹)	Date	Particulars	J.F.	Amt (₹)
2019				2019			
Feb. 1	To balance b/d		8,000	Feb. 5	By Telephone		750
3	To Sales A/c		700		Charges A/c		
6	To Interest A/c		600	9	By Purchases A/c		800
8	To Jayashree's A/c		1,500	28	By Balance c/d		9,250
			10,800				10,800
Mar. 1	To Balance b/d		9,250				

Dr.				Purchases Account				Cr.
Date	Particulars	J.F.	Amt (₹)	Date	Particulars	J.F.	Amt (₹)	
2019	To Cash A/c			2019	By Balance c/d			
Feb. 9			800	Feb.28			800	
			800				800	
Mar. 1	To Balance b/d		800					

Dr.				Jayashree's Account				Cr.			
Date	Particulars	J.F.	Amt (₹)	Date	Particulars	J.F.	Amt (₹)				
2019				2016							
Feb. 15	To Sales A/c		5,000	Feb. 8	By Cash A/c		1,500				
				28	By Balance c/d		3,500				
			5,000				5,000				
Mar. 1	To Balance b/d		3,500								

Q.2 Prepare necessary Ledger Accounts from the following Subsidiary Books.

Purchase Book

Date	Particulars	Inward Invoice No.	L.F.	Amount (₹)
2019				
Oct. 2	Amol			7,500
7	Aishwarya			2,400
11	Vivek			3,900
17	Sheth			6,500
27	Shabari			1,000
	Total			21,300

Purchases Return Book

Date	Particulars	Debit Note No.	L.F.	Amount (₹)
2019				
Oct. 10	Aishwarya			480
20	Sheth			650
28	Shabari			200
	Total			1,330

Q.3 From the following transactions prepare necessary Ledger Accounts in the Books of Vinay and balance the same.

2019

- Jan. 1 Started business with Cash ₹ 10,000
6 Bought goods from Vikas ₹ 3,000
9 Sold goods to Bhushan ₹ 2,400
12 Paid to Vikas on account ₹ 1,600
19 Received on account from Bhushan ₹ 1,000
25 Cash Purchases ₹ 3,600
30 Cash Sales ₹ 5,000
31 Paid Wages ₹ 400

Q.4 Journalise the following transactions and prepare Cash A/c only.

2019

- July 1 Hardik started business with Cash ₹ 15,000 and Machinery ₹ 20,000
 4 Purchased goods for ₹ 9,000 less 10% Cash Discount.
 9 Sold goods to Amar ₹ 3,000
 12 Distributed goods worth ₹ 700 as free samples.
 14 Bought Stationery for ₹ 550 for office use.
 18 Received ₹ 950 from Dhanashree, a customer, whose account was earlier written off as a bad debts.
 21 Abhiram invoiced us goods worth ₹ 3,000.
 24 Settled Abhiram's account, he allowed 5% cash discount.
 27 Exchanged goods worth 2,500 against Furniture of the same amount.
 29 Withdrawn cash from ATM ₹ 5,000 for office use and ₹ 3,000 for personal use.

Q.5 Prepare Aparna's account in books of Suparna.

2019

- Jan. 1 Balance due from Aparna ₹ 60,000
 4 Sold goods to Aparna ₹ 15,000 at 10% Trade Discount.
 7 Goods returned by Aparna ₹ 1,500 (Gross)
 11 Received crossed cheque from Aparna ₹ 50,000
 17 Invoiced goods to Aparna ₹ 12,000
 25 Sold goods to Aparna in cash ₹ 6,000
 30 Received cash from Aparna ₹ 33,000 in full settlement of her account.

Q.6 Prepare Cash A/c, Bank A/c, Purchases A/c, Sales A/c and Capital A/c. and balance the same in the books of Madanlal.

2019

- Aug. 1 Started business with bank balance ₹ 40,000.
 2 Purchased goods from Aseem worth ₹ 15,000 less 10% Trade Discount.
 3 Sold goods to Arun for ₹ 8,000 for cash.
 4 Paid Rent ₹ 3,000 and Electricity bill ₹ 500.
 5 Purchased 100 Shares of Perfect Technologies for ₹ 55 per share and paid Brokerage ₹ 250 by transfer through netbanking.
 6 Withdrawal of goods for personal use ₹ 500.
 7 Sold goods for cash ₹ 5,000 less 10% Cash Discount.
 8 Deposited cash into Bank ₹ 2,000.
 9 Paid ₹ 3,000 for daughter's tuition fees by Debit Card.
 10 Purchased a Table for ₹ 2,000.
 19 Received ₹ 1,500 by selling the scrap.
 27 Paid cash into bank in excess of ₹ 2,000

Q.7 Journalise the following transactions; post them into Ledger for February 2019

- 1 Sunil Started business with stock of goods ₹ 20,000 and Cash ₹ 1,70,000 out of which ₹ 50,000 borrowed from his friend Kedar@10 p.a.
- 5 Placed an order for goods worth ₹ 7,000 with Mohan for which advance ₹ 5,500 was paid.
- 9 Purchased Stationery for office use ₹ 4,500
- 12 Goods distributed as free samples ₹ 2,000
- 17 Paid Freight ₹ 400 on behalf of Mr. Dev.
- 24 Received Goods from Mohan as per our order dated 5th Feb and settled his account.
- 27 Bought goods from Shekhar on two months credit for ₹ 7,000 at 20% Trade Discount with instructions to send them to Sagar.
- 28 Sent to Sagar Outward Invoice for goods supplied by Shekhar. at list price less 10% Trade Discount.

Q.8 Journalise the following transactions and Prepare ledger accounts in the books of Sanjeev.

2019

- June
- 1 Cash Received from Raju ₹ 10,000 for commission.
 - 3 Intra-state sale to Rakesh ₹ 3,000 and SGST @2.5% and CGST @2.5% applicable..
 - 5 Received full amount from Rakesh.
 - 8 Intra-state purchases from Mangesh ₹ 2,000 and SGST @2.5% and CGST @2.5% applicable.
 - 11 Paid the necessary amount to Mangesh.
 - 18 Paid Rent ₹ 2,500
 - 24 Paid mobile bill ₹ 1,000 out of which ₹ 700 for office use and for ₹ 300 for personal use.

Q.9 The following ledger balances were extracted from the books of Pawan Pawar,Pune as on 1st July 2019

Debit balances	Amt.(₹)	Credit balances	Amt.(₹)
Machinery	4,40,000	Purchase return	60,000
Rashmi's A/c	70,000	Sales	3,60,000
Purchases	1,30,000	Pawan's capital	4,80,000
Sales return	40,000	Interest	6,000
Cash	1,00,000	Rakesh's A/c	56,000
Bank	1,80,000		
Stationery	2,000		

The following transactions took place during July 2019. Post them into Ledger and prepare Trial Balance as on 31st July 2019.

- 1 Introduced additional Capital ₹ 40,000
- 4 Bought goods from Rakesh ₹ 80,000 @ 10% Trade Discount
- 7 Sold goods to Rashmi ₹ 30,000
- 9 Returned goods to Rakesh ₹ 20,000 (Gross)
- 11 Rashmi returned goods to us ₹ 400
- 14 Paid to Rakesh ₹ 40,000 @ 2% Cash Discount
- 22 Made purchases ₹ 17,000 and amount paid by cheque
- 24 Cash Sales ₹ 8,000
- 27 Bought Stationery ₹ 3,000
- 28 Received from Rashmi ₹ 39,000 by RTGS and discount allowed ₹ 1000
- 29 Paid Salary ₹ 10,000
- 29 Sold goods to Rashmi ₹ 20,000
- 31 Bought goods from Rakesh ₹ 36,000 and paid by cheque.

