

Ledger

Lisna Thomas

Department of Computer Application

Meaning of Ledger

The books which contains a classified & permanent record of all transactions of a business is called "LEDGER".

Need & Importance of Ledger

- ☺ It is important for knowing the balances of each account.
- ☺ It gives short information about each account.
- ☺ It is needed for making trial balance.
- ☺ It helps in knowing how much amount is due from each customer and how much amount the firm has to pay to each supplier etc.
- ☺ A trading and profit & loss account can only be prepared with the help of ledger balances.

Advantage of ledger

- ☺ All accounts are opened on separate pages in this book.
- ☺ A trading and profit & loss account can only be prepared with the help of ledger balances.
- ☺ A balance sheet can also be prepared with the help of ledger balances which show the financial position of the business.
- ☺ Any type of information relating to the business can be easily obtained from the ledger.

Distinction b/w Journal & Ledger

S. no.	Basis	Journal	Ledger
1.	Meaning	Journal is a book of original entry in which the transaction are recorded first of all, as and when they take place.	The books which contains a classified & permanent record of all transactions of a business is called ledger.
2.	Full detail of transaction	Recorded as narration.	Not recorded.
3.	Process of recording entries	Named as Journalising.	Named as Posting.
4.	Accuracy	Not tested.	Tested by preparing Trial balance.
5.	Order of recording	Chronological order (datewise)	Analytical order.

Format of Ledger

Dr.				Cr.			
Date	Particulars	J. F.	Amount ₹	Date	Particulars	J.F .	Amount ₹

Rules of Posting

- ☺ All transaction relating to an account should be entered at one place.
- ☺ The word 'To' used before the accounts which appear on the debit side of an account. Similarly, the word 'By' used before the accounts which appear on the credit side of an account.
- ☺ It is not necessary to write the word 'A/c' after the personal accounts.
- ☺ Similar amount which has been posted on the debit side of an account should also be posted on the credit side of another account.
- ☺ If an account has been debited(or credited) in journal entry, should posted on debit(or credit)side of ledger. In particular column, the name of other account which has been credited(or debited) for journal entry should

Continue...

- 😊 Closing of personal account - the word 'By balance c/d' or 'To balance c/d' used for closing the personal account.
- 😊 Closing of real account - the word 'By balance c/d' or 'To balance c/d' used for closing the real account.
- 😊 Closing of nominal account - these accounts not require to be balancing.

Q 1. from the following journal entries . Prepare the ledger accounts :-

Journal entries

Date	Particulars	L.F.	Dr. Amount ₹	Cr. Amount ₹
I	Cash A/c Dr. To Sales A/c (Being goods sold for cash)		5,000	5,000
II	Furniture A/c Dr. To Cash A/c (Being furniture purchased for cash)		10,000	10,000
III	Purchases A/c Dr. To Govind (Being goods purchase on credit)		5,000	5,000
IV	Purchases A/c Dr. To Cash A/c (Being goods purchase on cash)		7,000	7,000
V	Mohan Dr. To Sales A/c (Being goods sold on credit)		15,000	15,000
VI	Cash A/c Dr. To Interest A/c (Interest received)		1,000	1,000

Sol....

Dr. Cash A/c				Cr.			
Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
	To Sales A/c		5,000		By Furniture A/c		10,000
	To Interest A/c		1,000		By purchase A/c		7,000
	To balance c/d		11,000				
			17,000				17,000

Dr. Sales A/c				Cr.			
Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
					By Cash A/c		5,000
					By Mohan		15,000

Dr. Furniture A/c				Cr.			
Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
	To cash A/c		10,000		By balance c/d		10,000
			10,000				10,000

Continue.....

Dr. Purchases A/c				Cr.			
Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
	To Govind		5,000				
	To Cash A/c		7,000				

Dr. Govind's A/c				Cr.			
Date	Particulars	J.F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
	To balance c/d		5,000		By Purchases A/c		5,000
			5,000				5,000

Dr. Mohan's A/c				Cr.			
Date	Particulars	J.F.	Amount ₹	Date	Particulars	J. F.	Amount ₹
	To Sales A/c		15,000		By balance c/d		15,000
			15,000				15,000

Continue.....

Dr.				Interest A/c				Cr.	
Date	Particulars	J. F.	Amount ₹	Date	Particulars	J. F.	Amount ₹		
					By Cash A/c		1,000		



Thank You