

YEAR 12 ACCOUNTING - WEEK 1

Lesson 33

S: Financial Accounting and the Accounting Process

S/S: Ledger and Trial Balance

LO: Define ledger and differentiate "T" Form and Three Column Form Ledger

Ledger

- are individual account where all changes affecting each accounts are shown with its balance.
- there are two types of ledger accounts ('T' Form ledger and Three Column ledger)
- the process of posting entries from journals to ledger is known as **Ledger Posting**.

T Form Ledger Account

- it got its name from the shape of letter "T"
- the left side represent the **Debit** while the right side represent the **Credit**.
- the account balance will be determined after all entries are posted to the ledger.

Sample of 'T' Form Ledger

| Account Name | | | |
|--------------|----|-------------|----|
| | \$ | | \$ |
| Debit Side | | Credit Side | |
| | | | |

Three Column Form Ledger

- this ledger account has three columns (Debit, Credit and Balance)
- is also known as running balance accounts since the balance is determined after each transactions.
- is used by business that uses Accounting Softwares.

Sample of Three Column Ledger

| Account Name | | | | |
|--------------|-------------|-------|--------|---------|
| Date | Particulars | Debit | Credit | Balance |
| | | | | |
| | | | | |

Rules For Posting in the Ledger

| Account Type | Increase (+) | Decrease (-) |
|--------------------------|---------------|---------------|
| Assets (A) | Debit | Credit |
| Expenses(E) | Debit | Credit |
| Liabilities(L) | Credit | Debit |
| Proprietorship(P) | Credit | Debit |
| Revenue(R) | Credit | Debit |

Trial Balance

- is a list of all ledger account in the order in which they appear in the General Ledger.
- Assets and Expenses will appear on the **Debit** side
- Liabilities, Proprietorship and Revenue will appear on the **Credit** side

Sample of Trial Balance

| Debit Side | \$ | Credit Side | \$ |
|------------|----|----------------|----|
| Assets | | Liabilities | |
| Expenses | | Proprietorship | |
| | | Revenue | |

Cash Payments Journal

| Date | Particulars | Discount Received | Detail | Bank | Purchases | Accounts Payables | Other Payments |
|--------|---|----------------------|-----------|------------|------------|----------------------|-------------------|
| | | \$ | \$ | \$ | \$ | \$ | \$ |
| July 3 | Purchases | | | 50 | 50 | | |
| 7 | Brown- Dis. Cheque | | | 126 | | | 126 |
| 10 | Purchases | | 95 | | 95 | | |
| | Freight | | <u>15</u> | 110 | | | 15 |
| 17 | Sara | 10 | | 200 | | 210 | |
| 30 | Bula Enterprises | 5 | 95 | | | 100 | |
| | Sales Return | | <u>25</u> | 120 | | | 25 |
| 31 | Discount Received Cr Bank Cr | 15 | | 606 | 145 | 310 | 166 |

Sales Journal

| Date | Particulars | Debit \$ | Credit \$ |
|--------|-----------------------|----------|-----------|
| July 2 | Krishna | 200 | |
| 8 | Abigail | 500 | |
| 31 | Sales Account CR | | 700 |

Purchases Journal

| Date | Particulars | Debit \$ | Credit \$ |
|---------|---------------------------|----------|-----------|
| July 11 | Bula Enterprises | | 200 |
| 12 | Sara | | 171 |
| 31 | Purchases Account Dr | 371 | |

Sales Returns Journal

| Date | Particulars | Debit \$ | Credit \$ |
|---------|-------------------------------|----------|-----------|
| July 22 | Krishna | | 35 |
| 31 | Sales Returns Account Dr | 35 | |

Purchase Returns Journal

| Date | Particulars | Debit \$ | Credit \$ |
|---------|----------------------------------|----------|-----------|
| July 14 | Sara | 18 | |
| 31 | Purchase Returns Account Cr | | 18 |

Solution:
Ledger Account in Three Column Form

Cash at Bank

| Date | Particulars | Debit | Credit | Balance |
|-------------|--------------------|--------------|---------------|-----------------|
| July 1 | Balance | | | 5 000 Dr |
| 31 | Total Receipt | 636 | | 5 636 Dr |
| | Total Payment | | 606 | 5 030 Dr |
| | | | | |

Vehicles

| Date | Particulars | Debit | Credit | Balance |
|-------------|--------------------|--------------|---------------|-----------------|
| July 1 | Balance | | | 3 500 Dr |
| 21 | Tuimeli | | 500 | 3 000 Dr |

Building

| Date | Particulars | Debit | Credit | Balance |
|-------------|--------------------|--------------|---------------|------------------|
| July 1 | Balance | | | 20 000 Dr |

Krishna

| Date | Particulars | Debit | Credit | Balance |
|-------------|--------------------|--------------|---------------|----------------|
| July 1 | Balance | | | 670 Dr |
| 2 | Sales | 200 | | 870 Dr |
| 14 | Cash | | 150 | 720 Dr |
| | Discount Allowed | | 15 | 705 Dr |
| 22 | Sales Return | | 35 | 670 Dr |

Brown

| Date | Particulars | Debit | Credit | Balance |
|-------------|--------------------|--------------|---------------|----------------|
| July 1 | Balance | | | 300 Dr |
| 3 | Cash | | 126 | 174 Dr |
| | Discount Allowed | | 14 | 160 Dr |
| 7 | Dishonored Cheque | 126 | | 286 Dr |
| | Discount Allowed | 14 | | 300 Dr |

Sara

| Date | Particulars | Debit | Credit | Balance |
|-------------|--------------------|--------------|---------------|----------------|
| July 1 | Balance | | | 800 Cr |
| 12 | Purchases | | 171 | 971 Cr |
| 14 | Purchases Return | 18 | | 953 Cr |
| 17 | Cash | 200 | | 753 Cr |
| | Discount Received | 10 | | 743 Cr |

Mortgage

| Date | Particulars | Debit | Credit | Balance |
|-------------|--------------------|--------------|---------------|------------------|
| July 1 | Balance | | | 12 500 Cr |

Capital

| Date | Particulars | Debit | Credit | Balance |
|-------------|--------------------|--------------|---------------|------------------|
| July 1 | Balance | | | 16 170 Cr |

Discount Allowed

| Date | Particulars | Debit | Credit | Balance |
|-------------|--------------------|--------------|---------------|----------------|
| July 3 | Brown | 14 | | 14 Dr |
| 7 | Brown | | 14 | - |
| 14 | Krishna | 15 | | 15 Dr |

Equipment

| Date | Particulars | Debit | Credit | Balance |
|-------------|--------------------|--------------|---------------|-----------------|
| July 21 | David Company | 1 000 | | 1 000 Dr |

David Company

| Date | Particulars | Debit | Credit | Balance |
|-------------|--------------------|--------------|---------------|-----------------|
| July 21 | Equipment | | 1 000 | 1 000 Cr |

Tuimeli

| Date | Particulars | Debit | Credit | Balance |
|-------------|--------------------|--------------|---------------|----------------|
| July 21 | Vehicle | 500 | | 500 Dr |

Abigail

| Date | Particulars | Debit | Credit | Balance |
|-------------|--------------------|--------------|---------------|----------------|
| July 8 | Sales | 500 | | 500 Dr |

Sales

| Date | Particulars | Debit | Credit | Balance |
|-------------|---------------------|--------------|---------------|-----------------|
| July 31 | Cash | | 350 | 350 Cr |
| | Accounts Receivable | | 700 | 1 050 Cr |

Purchases Return

| Date | Particulars | Debit | Credit | Balance |
|-------------|--------------------|--------------|---------------|----------------|
| July 4 | Cash | | 10 | 10 Cr |
| 31 | Accounts Payable | | 18 | 18 Cr |

Purchases

| Date | Particulars | Debit | Credit | Balance |
|-------------|--------------------|--------------|---------------|----------------|
| July 31 | Cash | 145 | | 145 Dr |
| | Accounts Payable | 371 | | 516 Dr |

Freight

| Date | Particulars | Debit | Credit | Balance |
|---------|-------------|-------|--------|---------|
| July 10 | Cash | 15 | | 15 Dr |

Bula Enterprises

| Date | Particulars | Debit | Credit | Balance |
|---------|-------------------|-------|--------|---------|
| July 11 | Purchases | | 200 | 200 Cr |
| 30 | Cash | 95 | | 105 Cr |
| | Discount Received | 5 | | 100 Cr |

Sales Return

| Date | Particulars | Debit | Credit | Balance |
|---------|---------------------|-------|--------|---------|
| July 30 | Cash | 25 | | 25 Dr |
| | Accounts Receivable | 35 | | 60 Dr |

Discount Received

| Date | Particulars | Debit | Credit | Balance |
|---------|-----------------|-------|--------|---------|
| July 17 | Sara | | 10 | 10 Cr |
| 30 | Bula Enterprise | | 5 | 15 Cr |

Example of Trial Balance

| Trial Balance of Malakai as at 31 st July 2020 | | | |
|---|----------------|-------------------|----------------|
| | \$ | | \$ |
| Cash at bank | 5030 | Sara | 743 |
| Vehicles | 3000 | Mortgage | 12500 |
| Building | 20000 | Capital | 16170 |
| Krishna | 670 | David company | 1000 |
| Brown | 300 | Sales | 1050 |
| Discount allowed | 15 | Purchase returns | 28 |
| Equipment | 1000 | Bula Enterprises | 100 |
| Tuimeli | 500 | Discount received | 15 |
| Abigail | 500 | | |
| Purchases | 516 | | |
| Freight | 15 | | |
| Sales returns | 60 | | |
| | \$31606 | | \$31606 |

Lesson 35

S: Financial Accounting and the Accounting Process

S/S: Ledger and Trial Balance

LO: Prepare Ledger Accounts and Trial Balance

ACTIVITY 1

The following information is taken from the Books of S. Morris.

General Journal

| Date | Particulars | Debit \$ | Credit \$ |
|--------|--|----------------------|----------------------|
| Jan 1 | <u>Assets:</u> Cash at Bank | 5 000 | |
| | Debtors: Taina | 800 | |
| | : Merlin | 300 | |
| | Stock | 1 000 | |
| | Furniture | 3 000 | |
| | <u>Liabilities:</u> Loan | | 3 000 |
| | Creditors: Zahid | | 450 |
| | Capital | | 6 650 |
| | | <u>10 100</u> | <u>10 100</u> |
| Jan 5 | Furniture | 150 | |
| | Keggs Joinery | | 150 |
| | (For purchase of Furniture) | | |
| Jan 14 | Drawings | 60 | |
| | Purchases | | 60 |
| | (For goods taken by the owner for own use) | | |
| Jan 18 | Interest | 100 | |
| | Zahid Khan | | 100 |
| | (For interest charged on overdue account) | | |
| Jan 22 | Bad Debts | 300 | |
| | Merlin | | 300 |
| | (For writing off bad debts accouts) | | |

Sales Journal

| Date | Particulars | Debit \$ | Credit \$ |
|--------|---------------------|----------|-------------------|
| Jan 5 | Asinate | 250 | |
| Jan 12 | Taina | 160 | |
| Jan 31 | Sales A/C Cr | | <u>410</u> |

Sales Return Journal

| Date | Particulars | Debit \$ | Credit \$ |
|-------|------------------------------------|------------------|-----------|
| Jan 9 | Asinate | | <u>10</u> |
| | <u>Sales Returns A/C Dr</u> | <u>10</u> | |

Cash Receipts Journal

| Date | Particulars | Discount | Details | Bank | Cash | Debtors | Other receipts |
|-------------|--------------------|-----------------|----------------|----------------|--------------|----------------|-----------------------|
| Jan 3 | Sales | | 146 | | 146 | | |
| | Taina | 20 | <u>780</u> | | | 800 | |
| | | | | 926 | | | |
| Jan 8 | Sales | | | 200 | 200 | | |
| Jan 15 | Commission | | | 80 | | | 80 |
| Jan 22 | Furniture | | | 100 | | | 100 |
| Jan 26 | Capital | | | 600 | | | 600 |
| | | \$20 | | \$1 906 | \$346 | \$800 | \$780 |

Required:

1. From the information given, prepare the following ledger accounts in **Three Column Form**.

- Sales Account
- Furniture Account
- Taina's Account
- Capital Account
- Cash at Bank
- Purchases
- Purchases Return
- Sales Return
- Zahid
- Stock
- Commission
- Loan

2. Prepare a Trial Balance Extract from the ledger account Balances.

Lesson 36

S: Financial Accounting and the Accounting Process

S/S: Ledger and Trial Balance

LO: Prepare Ledger Accounts and Trial Balance

ACTIVITY 2

On 1st January 2019, Ruci commenced a grocery shop known as Ruci's Grocery Store. Given below are the transactions for Ruci's Grocery Store for the month of January, 2019.

January

1. Ruci started business with cash \$15000.
- 3 Purchased a refrigerator worth \$5000 from Super Electricals Ltd.
- 5 Sold goods to Sanjay on account \$450.
- 6 Sold goods to cash \$2000
- 8 Sanjay returned damaged goods \$30.
- 10 Paid \$1000 to Super Electricals Ltd.
- 13 Paid wages \$100
- 17 Received cash from Sanjay \$400 and discount allowed \$20.
- 19 The owner took goods for own use \$100
- 23 Received commission \$60

Required:

1. Select the relevant transactions and prepare the following ledger accounts in **Three Column Form**
 - (i) Super Electricals Ltd Account (1 ½ marks)
 - (ii) Sanjay's Account (2 marks)
 - (iii) Cash at Bank Account (3 ½ marks)
2. Prepare a Trial Balance (Extract)

Lesson 37

S: Financial Accounting and the Accounting Process

S/S: Ledger and Trial Balance

LO: Prepare Ledger Accounts and Trial Balance

ACTIVITY 3

The balances of Assets and Liabilities at 1st June, 2020 of Super Trading were as follows:

| | | | |
|--------------|----------|----------------------------|----------|
| Cash at Bank | \$10 000 | Accounts Receivable: N Ash | \$ 5 900 |
| Inventories | \$ 4 000 | I Becker | \$ 230 |
| Furniture | \$ 8 000 | Accounts Payable: V Cramer | \$ 750 |
| | | W Quentin | \$ 500 |

Invoices Issued

Invoices Received

| Date | Particulars | Amount \$ | | Date | Particulars | Amount \$ |
|------|-------------|-----------|--|-------|-------------|-----------|
| Jun2 | N Ash | 1 450 | | Jun 4 | V Cramer | 1 000 |
| 10 | I Becker | 795 | | 15 | W Quentin | 560 |
| 28 | N Ash | 900 | | 24 | W Quentin | 460 |
| 31 | P Clarke | 3500 | | 31 | D Phillips | 98 |

Other transactions

| | |
|--------|--|
| Jun 10 | Purchased furniture from Furniture Traders \$13 000 on credit |
| 27 | Owner withdrew goods at cost \$500 |
| 31 | Sold some Furniture to Gibson for \$750 on credit (cost price \$710) |

Required:

Use the information shown above to prepare the following ledger accounts in **Three Column Form**.

- Inventory
- Furniture
- Furniture Traders
- I Becker
- W Quentin
- Drawings
- Sales
- Purchases