Ledger Trial Balance and BRS

Example 1 : Simple Journal Entry

On 1st August 2013. goods are sold for cash Rs. 12,000.

Solution: :

Journal Entry

| Date | Particulars | L.F. | Dr. (Rs.) | Cr. (Rs.) |
|-------------|------------------|------|-----------|-----------|
| | Cash A/c Dr. | | | |
| 2013 Aug, 1 | To Sales A/c | | 12,000 | 12,000 |
| | (For Cash sales) | | | |

Ledge A/c

| Date | Particulars | J.F | (Rs.) | Date | Particulars | J.F. | (Rs.) |
|--------|--------------|-----|--------|------|-------------|------|-------|
| 2013 | To Sales A/c | | 12,000 | | | | |
| Aug, 1 | 10 Sales A/C | | 12,000 | | | | |

Sales A/c (extract)

| Date | Particulars | J.F | (Rs.) | Date | Particulars | J.F. | (Rs.) |
|------|-------------|-----|-------|--------|--------------|------|--------|
| | | | | 2013 | To Sales A/c | | 12,000 |
| | | | | Aug, 1 | | | 12,000 |

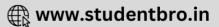
Example 2: Compound Journal Entry

Received Rs. 14,000 in full settlement of a debt of Rs. 15,000 from Ram on Aug 8, 2013.

Solution:

Journal Entry





| Date | Particulars | L.F. | Dr. (Rs.) | Cr. (Rs.) |
|--------|--------------------------------------|------|-----------|-----------|
| | Cash A/c Dr. | | | |
| 2013 | Discount Allowed A/c Dr. | | 14,000 | 15 000 |
| Aug, 8 | To Ram | | 1,000 | 15,000 |
| | (Cash received and discount allowed) | | | |

Cash Account

| Date | Particulars | J.F | (Rs.) | Date | Particulars | J.F. | (Rs.) |
|--------|-------------|-----|--------|------|-------------|------|-------|
| 2013 | To Ram | | 14,000 | | | | |
| Aug, 8 | | | 14,000 | | | | |

Discount Allowed Account

Dr. Cr.

| Date | Particulars | J.F | (Rs.) | Date | Particulars | J.F. | (Rs.) |
|--------|-------------|-----|-------|------|-------------|------|-------|
| 2013 | To Ram | | 1,000 | | | | |
| Aug, 8 | | | 1,000 | | | | |

Ram's Account

| Date | Particulars | J.F | (Rs.) | Date | Particulars | J.F. | (Rs.) |
|------|-------------|-----|-------|----------------|---|------|-----------------|
| 2013 | | | | 2013 Aug, 8 | By Cash A/c By Discount Allowed A/c | | 14,000 1,000 |

Example 3: Given some Cash Book entries Post them into ledger Accounts.

| Date | Particulars | L.F | Cash | Bank (Rs.) | Date | Particulars | L.F | Cash | Bank |
|--------|----------------|-----|--------|---------------|---------|--------------|-----|--------|-------|
| Date | Vr. | L.I | (Rs.) | | Dute | Vr. | 1.1 | (Rs.) | (Rs.) |
| 2013 | To Capital A/c | | 40.000 | | 2013 | By Purchase | | 5,000 | |
| Jan, 1 | 10 Capital A/C | A/c | 40,000 | - | Jan, 12 | A/c | | 5,000 | - |
| Jan, | To Cash A/c | с | | 10,000 | Ion 15 | By Bank A/c | с | 10,000 | |
| 15 | 10 Casil A/C | C | - | 10,000 | Jan, 15 | by ballk A/C | | 10,000 | - |
| Jan. | | | | | Jan, 25 | | | | |
| | | | | | Jan, 25 | | | | |





| 22 | To Cash A/c | 3,000 | - | | By Sumit | - | 4,500 |
|------------|-------------|--------|--------|---------|-------------------|--------|--------|
| Jan, 28 | To Anil | - | 2,900 | Jan, 31 | By Balance C/d | 28,000 | 8,400 |
| | | 43,000 | 12,900 | | | 43,000 | 12,900 |

Solution:

 \cdot 15th Jan. entry will not be posted (Contra Entry).

 \cdot Closing Balance will not be posted in the ledger.

Capital Account

Dr. Cr.

| Date | Particulars | J.F | (Rs.) | Date | Particulars | J.F. | (Rs.) |
|------|-------------|-----|-------|-----------------|-------------|------|--------|
| | | | | 2013 Jan, 10 | By Cash A/c | | 40,000 |

Sales Account

Dr. Cr.

| Date | Particulars | J.F | (Rs.) | Date | Particulars | J.F. | (Rs.) |
|------|-------------|-----|-------|-----------------|-------------|------|-------|
| 2013 | | | | 2013 Jan, 22 | By Cash A/c | | 3,000 |
| | | | | 22 | | | |

Anil's Account

Dr. Cr.

| Date | Particulars | J.F | (Rs.) | Date | Particulars | J.F. | (Rs.) |
|------|-------------|-----|-------|-----------|-------------|------|-------|
| | | | | 2013 Jan, | By Bank A/c | | 2,900 |
| | | | | 28 | | | |





Purchase Account

| Date | Particulars | J.F | (Rs.) | Date | Particulars | J.F. | (Rs.) |
|---------|-------------|-----|-------|------|-------------|------|-------|
| 2013 | To Cash A/c | | 5,000 | | | | |
| Jan, 12 | | | 3,000 | | | | |

Sumit's Account

Dr. Cr.

| Date | Particulars | J.F | (Rs.) | Date | Particulars | J.F. | (Rs.) |
|---------|-------------|-----|-------|------|-------------|------|-------|
| 2013 | To Bank A/c | | 4,500 | | | | |
| Jan, 25 | | | 4,300 | | | | |

Example 4:

Purchase Book

| Date | Particulars | Inv. No. | L.F. | Details (Rs) | Total Amt (Rs) |
|----------------|--|----------|------|-------------------|-------------------|
| 2013 June 4 | Sahil & Co. | | | | |
| June 14 | Geeta Industries Less: Trade Discount 20% | | | 20,000 (4,000) | 16,000 |
| June 26 | Vijay & Co. Less: Trade Discount 20% | | | 12,000 (2,400) | 9,600 |
| June 30 | Purchase A/c Dr. | | | | 35,600 |

Solution:

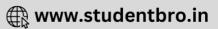
Purchase Account

Dr. Cr.

| Date | Particulars | J.F | (Rs.) | Date | Particulars | J.F. | (Rs.) |
|----------------|-----------------------------|-----|--------|------|-------------|------|-------|
| 2013 Jun 30 | To Sundries as per Purchase | | 36,600 | | | | |







| Book | | | |
|------|--|--|--|

Sahil & Co.

Dr. Cr.

| Date | Particulars | J.F | (Rs.) | Date | Particulars | J.F. | (Rs.) |
|------|-------------|-----|-------|---------------|-----------------|------|--------|
| | | | | 2013 Jun 4 | By Purchase A/c | | 10,000 |

Geeta Industries

| Date | Particulars | J.F | (Rs.) | Date | Particulars | J.F. | (Rs.) |
|------|-------------|-----|-------|----------|-----------------|------|--------|
| | | | | 2013 Jun | By Purchase A/c | | 16,000 |
| | | | | 14 | by runchase A/C | | 10,000 |

Vijay & Co.

| Date | Particulars | J.F | (Rs.) | Date | Particulars | J.F. | (Rs.) |
|------|-------------|-----|-------|----------|-----------------|------|-------|
| | | | | 2013 Jun | By Purchase A/c | | 9,600 |
| | | | | 26 | by rurchase A/C | | 5,000 |

Problem 1: Enter the following transactions in proper Subsidiary Books, post them into Ledger Accounts, balance the accounts and prepare a Trial Balance, 2013

Jun.1 Assets : Cash in hand Rs. 50,000; Debtors : Amit and Co. Rs. 15,000, Sumit Bros, Rs. 30,000, Stock Rs. 1,75,000, Machinery Rs. 1,20,000, Furniture 40,000.

Liabilities : Bank overdraft Rs. 33,000, Creditors : Viral and Co. Rs. 24,000, Vishal Rs. 16,000.

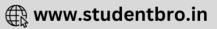
Jun. 2 Purchased from Ramesh and Sons goods of the list price of Rs. 20,000 at 10% trade discount.

Jun. 5. Returned to Ramesh & Sons goods of the list price of Rs. 2,000.

Jun. 10 Issued a cheque to Ramesh and Sons in full settlement of their account.

Jun. 12 Solid to Amit and Co., goods worth Rs. 25,000.





Jun. 15 Received cash Rs. 10,000 and cheque for Rs. 8,000 from Amit and Co. The cheque was immediately deposited into the bank.

Jun. 16 Withdraw for personal use cash Rs. 5,000 and goods for Rs. 3,000. Jun. 19 Sold to Mohit Bros., goods for Rs. 16,000.

Jun. 20 Cash purchases Rs. 15,000.

Jun. 22 Withdraw from bank for office use Rs. 10,000. Jun. 23 Purchased from Vishal goods valued Rs. 24,000. Jun. 24 Amit and Co. returned goods worth Rs. 2,000. Jun. 25 Received from Mohit Bros. Rs. 10,000.

Jun. 27 Paid by cheque, Rent Rs. 2,800.

Jun. 27 Received Commission in Cash Rs. 800. Jun. 30 Paid salaries Rs. 5,000.

Solution:

| Date | Particulars | L.F | Cash | Bank | Date | Particulars | L.F | Cash | Bank |
|---------|---------------------|--|--------|------------|---------|--------------|-----|--------|--------|
| Date | Vr. | 1.1 | (Rs.) | (Rs.) | Date | Vr. | L.I | (Rs.) | (Rs.) |
| 2013 | *To Balance | | 5,000 | _ | 2013 | *By Balance | | - | 33,000 |
| Jun 1 | b/d | | 3,000 | - | Jun 1 | b/d | | - | 33,000 |
| Jun 15 | un 15 To Amit & Co. | | 10,000 | 8,000 | Jun 10 | By Rames & | | - | 16,200 |
| Jun 13 | 10 Anni & CO. | | 10,000 | 8,000 | Juli 10 | Sons | | - | 10,200 |
| Jun 22 | *To Bank A/c | To Bank A/c C 10,000 - Jun 16 By Drawing | | By Drawing | | 5,000 | _ | | |
| Jun 22 | TO Dallk A/C | C | 10,000 | | Jun 10 | A/c | | 3,000 | - |
| Jun 25 | To Mohit | | 10,000 | _ | Jun 20 | By Purchase | | 15,000 | |
| Juli 23 | Bros. | | 10,000 | - | Juli 20 | A/c | | 13,000 | - |
| | То | | | | | | | | |
| Jun 27 | Commission | | 800 | - | Jun 22 | *By Cash A/c | С | - | 10,000 |
| | A/c | | | | | | | | |
| | | | | | Jun 27 | By Rent A/c | | - | 2,800 |
| | | | | | Jun 30 | By Salaries | | 5,000 | _ |
| | | | | | Juli 30 | A/c | | 3,000 | |
| | | | | | | | | | |

Cash Book (with cash and Bank Columns)

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| Jun 30 | To Balance | - | 54,000 | Jun 30 | By Balance | 55,800 | - |
|--------|------------|--------|--------|----------|------------|--------|--------|
| | c/d | | | | c/d | | |
| | Total | 80,800 | 62,000 | | Total | 80,800 | 62,000 |
| | | | | | By Balance | | |
| July 1 | To Balance | 55,800 | | Taalee 1 | c/d | _ | 54,000 |
| July I | b/d | 55,000 | - | July 1 | (Bank | | |
| | | | | | overdraft) | | |

Example 5:

| S. No. | Trail Dr. Total Rs. | Balance (Cr. Total) (Rs.) | Difference (Rs.) | Posted to the Suspense A/c? (Debit side of Suspense A/c) |
|--------|------------------------|------------------------------|------------------------|---|
| 1. | 2,25,00 | 2,16,500 | 8,500 (Ecess Debit) | Credit Side of Suspense A/c |
| 2. | 2,16,500 | 2,25,000 | 8,500 (Ecess Debit) | Debit Side of Suspense A/c |

Solution:

Closing of Suspense A/c

 \cdot The errors which led to the difference still remain to have to be located.

 \cdot These errors will be rectified through Suspense A/c (One sided errors) which will be explained in the topic Rectification of Errors.

 \cdot When all the errors are rectified, this Account closes down automatically. If the difference in Trial Balance persist, it is shown in the Balance Sheet.

(a) Debit Balance of Suspense Account is shown in the Asset Side of the Balance Sheet.

(b) Credit Balance of Suspense Account is shown in the Liability Side of the Balance Sheet.





Preparation of bank Statement

Example 1: Balance as per Cash Book is given

Prepare Bank Reconciliation statement as on 31st July 2013

(1) Dr. Balance as per Cash Book is Rs. 20,000 as on 31st Jul 2013.

(2) Cheques for Rs. 5000 were deposited into the Bank in the month of July but only Cheques for Rs. 1000 were credited by bank till 31st July 2013.

(3) Cheques issued for Rs. 33000 in July, out of which a cheque for Rs. 13,800 was presented for payment on 3rd August, 2013.

(4) Bank charged Rs. 150 as Bank charges and credited interest of Rs. 400.

(5) A customer directly deposited Rs. 2,500 in firm's bank A/C.

(6) Bank paid the insurance Premium of Rs. 1200 as per standing instruction on 25.7.2013.

Solution :

Bank Reconciling Statement as on 31st July 2013

| PARTICULARS | + ITEM | - ITEM |
|--|--------|--------|
| 1. Balance as per Cash Book | 20,000 | - |
| 2. Cheques deposited but not yet collected by the bank (5.000-1,000) | - | 4,000 |
| 3. Cheques issued but not yet Present for payment | 13,800 | - |
| 4. (a) Bank. Charges (b) Interest credited by the bank | - | 150 |
| 5. Directly deposited by the customers not | 2,500 | - |





| recorded in the Cash Book | | |
|--|--------|-------|
| 6. Insurance Premium paid by the bank not recorded in Cash Book. | - | 1,200 |
| TOTAL | 36,700 | 5,350 |
| Balance as per pass Book (36,700-5,350) | 31,350 | |

Example 2 : When overdraft as per Cash Book is given

- 1. Overdraft as per Cash Book is Rs. 40,500 on 30th June 2013.
- 2. Cheqes deposited but not yet collected Rs. 12,000.
- 3. Cheqes issued but not yet presented for payment of Rs. 2,800.
- 4. Bank Charges of Rs. 50 and Interest on overdraft of Rs. 250 are charged by the bank.
- 5. A customer directly deposited Rs. 1,200 into the Bank.
- 6. Insurance Premium of Rs. 1,500 is paid by the bank as per standing instructions

Solution :

Prepare Bank Reconciliations Statement for the month of June 2013.

Bank Reconciliations Statement as on 30the June 2013

| PARTICULARS | + ITEM | - ITEM |
|---|--------|--------|
| 1 Overdraft as per Cash Book*. | - | 40,500 |
| (2) Cheques deposited but not yet collected | - | 12,000 |
| (3) Cheques issued but not yet Presented for payment | 2,800 | - |
| (4) (a) Bank Charges | - | 50 |
| (b) Interest on overdraft charged | - | 250 |
| (5) Directly deposited by a customer in the bank | 1,200 | - |
| (6) Insurance Premium paid by the bank not entered — in Cash Book. | - | 1,500 |
| | | |

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| TOTAL | 4,000 | 54,300 |
|---|-------|--------|
| Balance as per pass Book (54,300-4,000) | - | 50,300 |

Example 4: Overdraft as per Pass book is Rs. 45,000 Rest of the contents (points 2 to 6) are same as given example No.2

Solution :

Prepare Bank Reconciliation Statement as on June 30, 2013.

Bank Reconciliations Statement as on 30th June 2013

| PARTICULARS | + ITEM | - ITEM |
|--|--------|--------|
| 1 Over draft as per Pass Book. | - | 45,000 |
| (2) Cheques deposited but not yet collected | 12,000 | - |
| (3) Cheques issued but not yet presented for payment | - | 2,800 |
| (4) (a) bank Charges not entered in Cash Book | 50 | - |
| (b) Interest on overdraft charged by the bank | 250 | - |
| (5) Directly deposited by a customer in the Bank | - | 1,200 |
| (6) Insurance Premium paid by the Bank | 1,500 | - |
| TOTAL | 13,800 | 49,000 |
| Balance as per pass Book (49,000-13,800) | - | 35,200 |

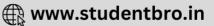
Example 5: The cash Book of Mr. Sharma showed a balance, of 3,560 as on 31st Dec. 2013 at the bank where as Pass Book showed a balance of Rs. 4,230. Comparison of the Cash Book and Pass Book revealed the following:

(1) The Bank has debited Mr. Sharma With Rs. 460, the annual premium of his life Policy according to his standing instructions and Rs. 20 as Bank charges.

(2) Mr. Sharma paid into the Bank cheques totaling Rs. 3,100 on Dec. 26, 2013 of which those for Rs. 2,500 were collected in December. One cheque for Rs. 200 was returned dishonored on 2nd Jan. 2014.

(3) The Bank has credited Mr. Sharma by Rs. 1,600, the proceeds of a bill.





(4) Cash collected, on 31st Dec. 2013 totalling Rs. 850 was entered in the Cash Book in the Bank column on the same date but banked on 2.1.2014.

(5) Mr. Sharma issued cheques totaling Rs. 2,300 in the month of Dec. out of which cheques for Rs. 1,000 have not been presented for payment for payment till 31st Dec.

Solution :

Amended Cash Book (Bank Column only) as on 31st Dec. 2013

Receipt side Receipt side

| Particulars | Rs. | Particulars | Rs. |
|-----------------------------|-------|-----------------|-------|
| Top Balance b/d | 3,560 | By Drawings | 460 |
| To B/R (Proceeds of a Bill) | 1,600 | By Bank Charges | 20 |
| | | By Balance c/d/ | 4,680 |
| | 5,160 | | 5,160 |

Bank Reconciliation Statement

| PARTICULARS | + ITEM | - ITEM |
|---|--------|--------|
| 1 Balance as per Adjusted Cash Book (Dr.) | 4,680 | - |
| (2) Cheques paid into the Bank but not Credited by Dec. 31, 2013 (3,100-2,500) | - | 600 |
| (3) Cash collected entered in the Cash Book but not banked | - | 850 |
| (4) Cheques issued but not presented till date | 1,000 | - |
| TOTAL | 5,680 | 1,450 |
| Balance as per pass Book (5,680-1,450) | 4,230 | - |

