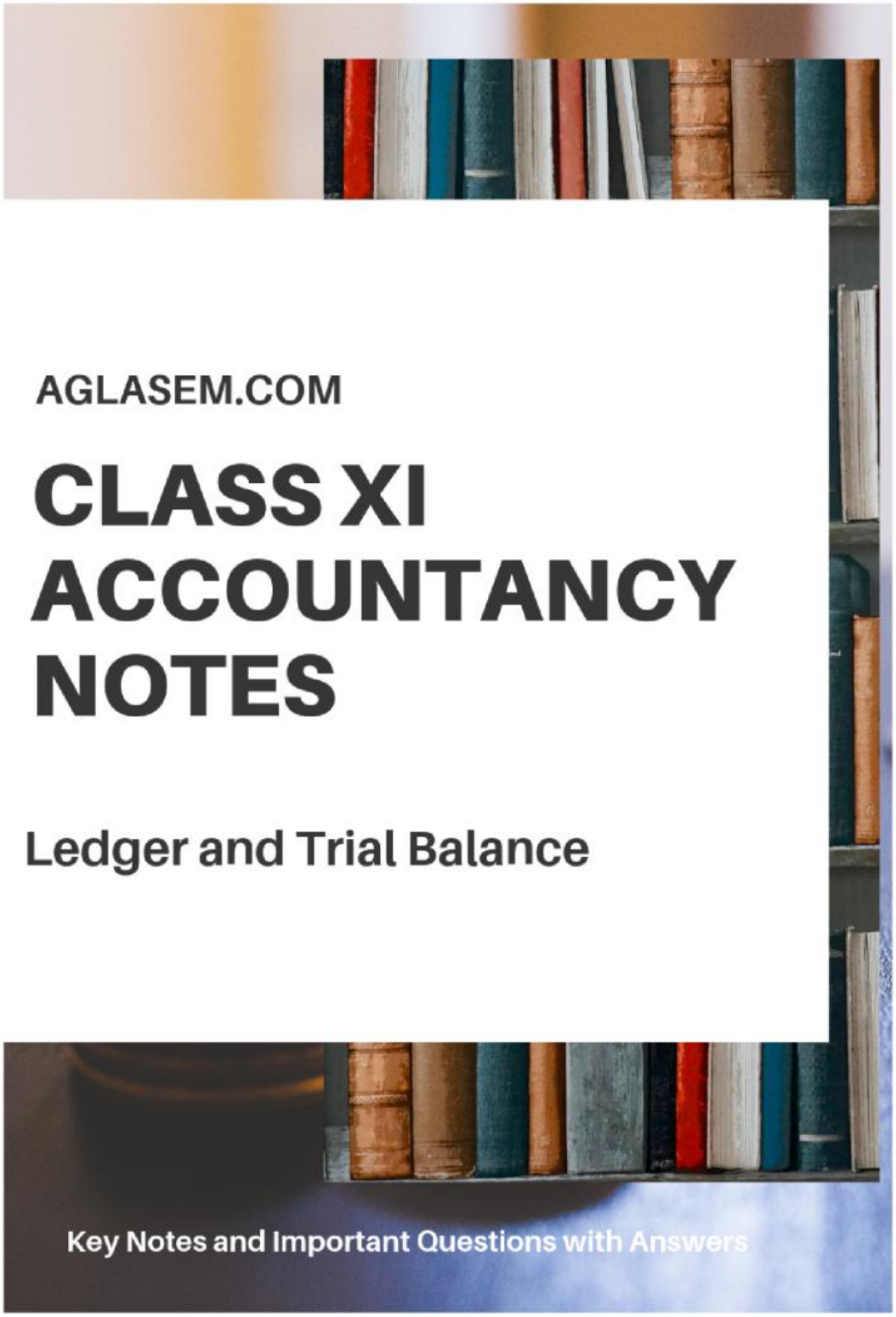


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CLASS XI ACCOUNTANCY NOTES

Ledger and Trial Balance

Key Notes and Important Questions with Answers

CHAPTER 5
LEDGER AND TRIAL BALANCE

LEARNING OBJECTIVES

After studying this chapter Students will be able to tell:

- Meaning and Importance of Ledger.
- Format of Ledger.
- Posting from Journal.
- Postings from Cash Book and other Subsidiary Books.
- Closing and Balancing of Ledger Accounts.
- Trial Balance - Meaning, objectives and Preparation.

LEDGER

Meaning : After recording the business transactions in the Journal or special purpose Subsidiary Books, the next step is to transfer the entries to the respective accounts in the Ledger. **Ledger is a book where all the transactions related to a particular account are collected at one place.**

Definition : The Ledger is the main or Principal book of accounts in which all the business transactions would ultimately find their place under various accounts in a duly classified form.

UTILITY OF LEDGER

To know the collective effect of all the transactions pertaining to one particular account.

By this classification, we are able to know the following-

- It provides complete information about all accounts.
- It provides position of Assets and Liabilities.
- It facilitates to prepare Trial Balance.

Important : Ledger is also called the Principal Book of Accounts
Performa for Ledger

Each ledger account is divided into two equal parts.

Left Hand Side → Debit side (Dr.)

Right Hand Side → Credit side (Cr.)

Name of the Account

Dr. Cr.

Date	Particulars	J.F	Amount	Date	Particulars	J.F	Amount

Posting in the Ledger : This will be dealt separately from Journal Entries and each Subsidiary Book.

Case I : Posting from Journal Entries

- If an account is debited in the journal entry, the posting in the ledger should be made on the debit side of that particular account. In the particulars column the name of the other account (which has been credited in the Journal entry) should be written for reference.
- For the A/c credited in the Journal entry, the posting in the ledger should be made on the credit side of that particular A/c. In the particulars column, the name of the other account that has been debited (in the Journal entry) is written for reference.

Important

- 'To' is written before the A/cs which appear on the debit side of Ledger
- "By" is written before the A/cs appearing on the credit side Ledger.
- Use of these words 'To' and 'By' is optional.

Example 1 : Simple Journal Entry

On 1st August 201 5 goods are sold for cash Rs. 12.000.

Solution :

Journal Entry

Date	Particulars	L. F	Dr. (Rs.)	Cr(Rs.)
2015 Aug., 1	Cash A/c Dr. To Sales A/c (For cash sales)		12.000	 12.000

Ledge A/c

Dr. Cash A/c (extract) Cr.

Date	Particulars	J.F	(Rs.)	Date	Particulars	J.F	(Rs.)
2015 Aug., 1	To Sales A/c		12,000				

Sales A/c (extract)

Dr. Cr.

Date	Particulars	J.F	(Rs.)	Date	Particulars	J.F	(Rs.)
				2015 Aug., 1	To Sales A/c		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. 2015

Solution

Journal Entry

Date	Particulars		L.F	Dr. (Rs.)	Cr. (Rs.)
2015 Aug. 8	Cash A/c	Dr.		14,000	
	Discount Allowed A/C	Dr.		1,000	
	To Ram				15,000
	(Cash received and discount allowed)				

Ledger A/c

Cash Account

Dr. Cr.

Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.
2015 Aug. 8	To Ram		14.000				

Discount Allowed Account

Dr. Cr.

Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.
2015 Aug. 8	To Ram		1,000				

Ram's Account

Dr. Cr.

Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.
2015				2015 Aug. 8	By Cash A/c		14.000
					By Discount Allowed A/c		1,000

Case II : Ledger Postings from Cash Book

Important Points

(1) Cash Book itself serves as a cash A/c also, therefore when cash book is maintained, cash A/c is not opened in the ledger.

(2) When Bank column is maintained in the Cash Book, Bank A/c is also not opened in the ledger. The Bank column itself serves the purpose of Bank A/c.

(3) Opening and closing balances of Cash Book will not be entered in the ledger.

(4) As Cash Book serves the purpose of Cash/Bank A/c, it means that, only the second A/c (other than Cash A/c or Bank A/c) is to be opened in the ledger and posting is to be made for each entry in the Cash Book.

Rules of Posting

(a) Posting from the Debit Side of Cash Book

Entries appearing on the debit side of Cash Book are to be posted to the Credit Side of respective accounts in the Ledger by writing the words.

By Cash A/c → if it is from the Cash Column

By Bank A/c → if it is from the Bank Column.

(b) Posting from the Credit Side of Cash Book

By Cash A/c → if it is from the Cash Column

By Bank A/c → if it is from the Bank Column

(c) All contra entries marked "C" are ignored while posting from the Cash Book to the Ledger because double aspect of such transactions is completed in the Cash Book itself.

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

Date	Particulars Vr.	L.F	Cash (Rs.)	Bank (Rs.)			L.F	Cash (Rs.)	Bank (Rs.)
2015					2015				
Jan 10	To Capital A/c		40,000	-	Jan, 12	By Purchases A/c		5.000	-
Jan 15	To Cash A/c	C	-	10,000	Jan. 15	By Bank A/c	C	10,000	-
Jan 22	To Cash A/c		3,000	-	Jan. 25	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:

- 15th Jan. entry will not be posted (Contra Entry).
- Closing Balance will not be posted in the ledger.

Capital Account

Dr. Cr.

Date	Particulars	J.F.	Amt. Rs.	Date	Particulars	J.F.	Amt. Rs.
				2015 Jan. 10	By Cash A/c		40,000

Sales Account

Dr. Cr.

Date	Particulars	J.F.	Amt. Rs.	Date	Particulars	J.F.	Amt. Rs.
				2015 Jan. 22	By Cash A/c		3,000

Anil's Account

Dr. Cr.

Date	Particulars	J.F.	Amt. Rs.	Date	Particulars	J.F.	Amt. Rs.
				2015 Jan. 28	By Bank A/c		2,900

Purchase Account

Dr. Cr.

Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Amt. Rs.
2015 Jan. 12	To Cash A/c		5,000				

Sumits Account

Dr. Cr.

Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Amt. Rs.
2015 Jan., 25	To Bank A/c		45,00				

Case III : Ledger posting from Purchases book

Journal Entry for Credit Purchases is

Purchases A/c Dr

To Supplier

Therefore the rules of posting from Purchases Book are.

1. **The total of the Purchase Book** will be posted to the **Debit side of Purchase A/c** and the words **"To Sundries as per Purchase Book"** will be written in the particulars column.
2. Each of the **Supplier's** A/c will be **Credited** and the words. "By Purchases A/c" will be written in the particulars column.

Example :

Purchases Book

Date	*Particulars*	*Inv. No.*	*L.F.*	*Detail (Rs.)*	*Total Amount (Rs.)*
2015 June 4	Sahil & Co.				10,000
June 14	Geeta Industries			20.000	
	Less : Trade Discount 20%			(4,000)	16.000
June 26	Vijay & Co.			12,000	
	Less : 20% Trade Discount			(2.400)	9600
June 30	Purchases A/c Dr.				35,600

Solution : **LEDGER A/cs**

Purchases Account

Dr. Cr.

Date	Particulars	J.F.	Amt. Rs.	Date	Particulars	J.F.	Amt. Rs.
2015 Jun. 30	To Sundries as Per Purchases Book		35.600				

Sahil & Co.

Dr. Cr.

Date	Particulars	J.F.	Amt. Rs.	Date	Particulars	J.F.	Amt. Rs.
				2015 June 4	By Purchases A/c		10,000

Geeta Industries

Dr. Cr.

Date	Particulars	J.F.	Amt. Rs.	Date	Particulars	J.F.	Amt. Rs.
				2015 June 14	By Purchases A c		16.000

Vijay & Co.

Dr. Cr.

Date	Particulars	J.F.	Amt. Rs.	Date	Particulars	J.F.	Amt. Rs.
				2015 June 26	By Purchases A/c		9,600

CASE IV : Ledger Posting from Sales Book

Journal Entry for Credit sales is

Customer Dr.

To Sales A/c

Hence rules for posting from sales Book are

1. Total of the **Sales book** will be posted to the **credit side** of **sales A/c** by writing the words "By sundries as per Sales Book"
2. Customer's personal .A/cs are **debited** by writing the words **"To Sales A/c"**

Case V : Ledger Posting from Purchase Return Book

Journal Entry for purchase Return is

Personal A/C of Supplier Dr.

To Purchase Returns A/c

Hence the **rules for posting** are

1. Supplier's A/c (to whom the goods are returned) is **debited** by writing the words "To Purchase Return A/c")
2. The total of the Purchases return Book is credited to the Purchases Return A/c by writing the words "By Sundries as per Purchases Return Book"

Case VI : Ledger Postings of Sales Returns Book. Journal Entry for the sales Return is -

Sales Returns A/c Dr.

To Customer

Hence the Rules for Posting are

1. Individual Customer's A/cs by whom the goods are returned are Credited by writing the word "By Sales Return A/c."
2. The total of the Sales Returns Book is posted to the Debit of Sales Returns A/c by writing the words. "To Sundries as per Sales Returns Book".

CLOSING AND BALANCING OF ACCOUNT

Normally after every month or whenever a businessman is interested in knowing the position of various A/cs, the accounts are balanced. Various steps for this purposes are:

1. Debit and Credit sides of each A/c are totalled.
2. The **difference between the two sides is inserted** on the **side which is shorter** so as to make their totals equal.
3. The words 'Balance c/d i.e., the balance carried down and written against the amount of difference.
4. In the next period, the balance is brought down on the other side by writing the words 'Balance b/d'.
5. If the **Debit side exceeds** the **Credit Sides** the difference is a **Debit Balance** where as.
6. If the **Credit side exceeds the Debit side the** difference is a **Credit Balance.**

Important

1. **Debit Balance** of a Personal A/c means the person is a Debtor of the firm whereas Credit Balance of a Personal A/c indicates that the person is a Creditor of the firm.
2. **Real A/cs** (which include Cash and all other Assets A/cs) will usually show Debit Balances.

3. **Nominal A/cs** (A/cs of Income and Expenses) are transferred to **Trading and Profit and Loss A/c of the firm** at the end of the Accounting Period.

4. **Debit Balance of any A/c means** an **Asset** or an **Expense** whereas **Credit Balance** means a **liability, Capital or revenue.**

TRIAL BALANCE

I. Meaning : When posting of all the transactions into the Ledger is completed and accounts are balanced off, then the balance of each account is put on a list called Trial Balance.

II. Definition : Trial Balance is the list of debit and credit balances taken out from ledger. "It also includes the balances of Cash and bank taken from the Cash Book".

III. Preparation : Steps (Only Balance Method)

(1) Ledger A/cs which shows a **debit balance** is put on the **Debit side** of the trial balance.

(2) The A/c Showing credit balance is put on the Credit side of Trial Balance.

(3) Accounts which shows **no balance** i.e. whose **Debit** and **Credit** totals are equal are not entered in Trial Balance.

(4) Then the two sides of the Trial Balance are totalled. If they are equal it is assumed that there is no arithmetical error in the posting and balancing of Ledger A/cs.

Objectives or Functions of Trial Balance

- It helps in ascertaining the arithmetic accuracy of ledger accounts.
- Helps in locating errors.
- Provides the summary of Ledger A/cs.
- Helps in the preparation of Final A/cs.

Recording in the journal and Subsidiary Books, Posting into the Ledger and Preparation of Trial Balance can be clearly understood with the help of the example given on next pages.

Problem : Enter the following transactions in proper Subsidiary Books, post them into Ledger Accounts, balance the accounts and prepare a Trial Balance, 2015

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 : Virat 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 Sold 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.

Cash Book (with cash and Bank Columns)

Dr. Cr.

Date	*Particulars (Receipts) Vr.. No*	*L.F*	*Cash*	*Bank*	*Date*	*Particulars (Payments) Vr. No*	*L.F*	*Cash*	*Bank*
2015			(Rs.)	(Rs.)	2015			(Rs.)	(Rs.)
June 1	To Balance b/d		50,000	-	June 1	By Balance b/d		-	33,000
June 15	To Amit & Co.		10,000	8,000	June 10	By Rames & Sons		-	16,200
June 22	*To Bank A/c	C	10,000	-	June 16	By Drawings A/c		5,000	-
June 25	To Mohit Brothers		10,000	-	June 20	By Purchases A/c		15,000	-
June 27	To Commission A/c		800		June 22	*By Cash A/c	C		10,000
					June. 27	By Rent A/c		-	2,800
June 30	To Balance C/d		-	54,000	June 30	By Salaries A/c		5,000	
					June 30	By Balance C/d		55,800	
	Total		80,800	62,000		Total		**80,800**	**62,000**
July 1	To Balance b/d		55,800	-	July 1	By Balance b/d (Bank overdraft)		-	54,000

Note :

1. Entries marked with *will not be posted any where in the ledger.
2. Closing Balances of Cash and Bank will be shown in the Trial Balance.

3. All other A/cs shown in the Debit side will be credited & All other A/cs shown in the Credit side will be debited.

Purchase Book

Date	*Name of the Supplier (Account to be Credited)*	*Inv. No*	*L. F.*	*Detail (Rs.)*	*Total Amount (Rs.)*
2015					
June 2	Ramesh & Sons			20.000	
	Less Trade Discount 10%			2.000	18,000
June 23	Vishal				24,000
June 30	Purchases A/c Dr.				**42,000**

Sales Book

Date	*Name of the 6uppiier (Account to be Credited)*	*Inv. No.*	*L.F.*	*Deta (Rs*	*Total Amount (Rs.)*
2015					
June 12	Amit & Co.				25,000
June 19	Mohit Bros.				16,000
June 30	Sales A/c Cr.				**41,000**

Sales Return Book

Date	*Name of the Supplier (Account to be Credited)*	*Inv. No.*	*L.F.*	*Detail (Rs.)*	*Total Amount (Rs.)*
2015 June 24	Amit & Co.				2,000
June 30	Sales Return A/c Dr.				**2,000**

Purchase Return Book

Date	*Name of the Supplier (Account to be Credited)*	*Inv. No.*	*L.F.*	*Detail (Rs.)*	*Total Amount (Rs.)*
2015 June 5	Ramesh & Sons			2.000	
	Less Trade Discount 10%			200	1.800
June 30	Purchases Return A/c Cr.				**1,800**

Posting of opening Entries :

1. First of all opening Journal Entry is done in the Journal proper.
2. All Assets A/cs are Debited and Liabilities A/cs are Credited. Difference between the totals of the two sides is the Capital.

Important : Besides opening Journal entries, any transaction which is not covered under any of the Subsidiary Book is recorded in Journal proper.

Journal Proper

Date	Particulars		L.F.	Amount. Dr.	Cr. Rs. Cr.
2015					
June 1	Cash A/c	Dr		50,000	
	Amit & Co.	Dr		15,000	
	Sumit Brothers	Dr		30,000	
	Stock A/c	Dr		1,75,000	
	Machinery A/c	Dr		1.20,000	
	Furniture A/c	Dr		40,000	
	To Bank (Overdraft) A/c				33,000
	To Virat & Co.				24,000
	To Vishal				16,000
	To Capital A/c (Balancing fig)				3,57,000
	(opening Balances, b ought forward from the previous years books)				
June 16	Drawings A/c	Dr.		3,000	
	To Purchases A/c				3.000
	(Goods withdrawn for personal use)				

Ledger Accounts

Amit & Co.

Dr. Cr.

Date	*Particulars*	*J.F*	*Rs.*	*Date*	*Particulars*	*J.F*	*Rs.*
2015				2015			
Jun. 1	To Balance b/d		15,000	June 15	By Cash A/c		10.000
Jun. 12	To Sales A/c		25,000	June 15	By Bank A/c		8,000
				June 24	By Sale Return A/c		2,000
				June 30	By Balance c/d		20.000
			40,000				**40,000**
Juiy 1	To Balance b/d*		20,000				

Sumit & Co.

Dr. Cr.

Dale	*Particulars*	*J.F.*	*Rs.*	*Date*	*Particulars*	*J.F.*	*Rs.*
2015 June 1	To Balance b/d*		30,000	2015			

Stock Account

Dr Cr.

Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.
2015				2015			
June 1	To Balance b/d*		1.75,000				

Machinery Account

Dr. Cr.

Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.
2015				2015			
June 1	To Balance b d		1.20,000	June 30	By Balance c/d		1,20,000
			1,20.000				**1,20,000**
July 1	To Balance b d'		1.20,000				

Furniture Account

Dr. Cr.

Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.
2015				2015			
June 1	To Balance b/d		40,000	June 30	By Balance c/d		40,000
			40.000				40,000
July 1	To Balance b/d		40,000				

Virat & Co.

Dr. Cr.

Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.
				2015			
				June 1	To Balance b/d		24,000

Balance on June 30th is Nil in this A/c (Virat & Co.)

Vishal's A/C

Dr. Cr.

Date	Particulars	J.F	Rs.	Date	Particulars	J.F.	Rs.
2015				2015			
				June 1	By Balance b/d		16,000
Jun. 30	To Balance cid		40,000	June 23	By Purchases A/c		24,000
			40,000				**40,000**
				July 1	By Balance bid'		40,000

Capital Account

Dr. Cr.

Date	*Particulars*	*J.F*	*Rs.*	*Date*	*Particulars*	*J.F.*	*Rs.*
2015				2015			
Jun. 30	To Balance c/d		3,57.000	June 1	By Balance b/d		3,57,000
			3.27.000				3,57,000
				July 1	By Balance b/d		3,57,000

Drawing Account

Dr. Cr.

Date	Particulars	J. F	Rs.	Date	Particulars	J.F	Rs.
2015				2015			
Jun. 16	To Cash Ac		5,000	June 30	By Balance b/d		8,000
Jun. 16	To Purchases A/c		3,000				
			8.000				8,000
July 1	To Balance b/d'		8,000				

Ramesh & Sons

Dr. Cr.

Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.
2015				2015			
June 5	To Purchase Return A/c		1,800	June 2	By Purchase A/c		18,000
June 10	To Bank A/c		16,200				
			18,000				18,000

Purchase Account

Dr. Cr.

Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.
2015				2015			
Jun. 20	To Cash Ac		15,000	June 16	By Drawing A/c		3,000
Jun. 30	To Sundries as per Purchase Book		42,000	July 30	By Balance c/d		54000
			57,000				57,000
July 1	To Balance b/d'		54.000				

Mohit Brothers

Dr. Cr.

Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.
2015				2015			
Jun. 19	To Sales A/c		16.000	June 25	By Cash A/c		10,000
				June 30	By Balance c/d		6,000
			16.000				16,000
July 1	To Balance b/d*		6.000				

Rent Account

Dr. Cr.

Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.
2015				2015			
Jun. 27	To Bank A/c		2,800	June 30	By Balance c/d		2.800
Jun. 30	To Balance b/d*		2.800				

Commission Account

Dr. Cr.

Date	Particulars	J.F.	Rs.	Date	Particular	J.F.	Rs.
				2015 June 27	By Cash A/c		800

Salaries Account

Dr. Cr.

Date	Particulars	J.F.	Rs.	Date	Particular	J.F.	Rs.
2015 Jun. 30	To Cash A/c		5.000				

Sales Account

Dr. Cr.

Date	Particulars	J.F.	Rs.	Date	Particular	J.F.	Rs.
				2015 June 30	By Sundried as per Sales Book		41.000

Sales Return Account

Dr. Cr.

Date	Particulars	J.F.	Rs.	Date	Particular	J.F.	Rs.
2015 Jun. 30	To Sundries as per Sales Return Book		2,000				

Purchase Return Account

Dr. Cr.

Date	Particulars	J.F.	Rs.	Date	Particular	J.F.	Rs.
				2013 June 30	By Sundries as per Purchase Return Book		1.800

Trial Balance
As on 30th June, 2011

Name of the Accounts	L.F.	Debit Balance ₹	Credit Balances ₹
Cash A/c		55,800	
Bank (overdraft) A/c			54,000
Amit & Co.		20,000	-
Stock A/c		1,75,000	
Machinery A/c		1,20,000	
Furniture A/c		40,000	-
Capital A/c		-	3,57,000
Drawings A/c		8,000	-
Purchases A/c		54,000	-
Mohit Brothers		6,000	-
Rent A/c		2,800	
Commission A/c			800
Salaries A/c		5,000	
Sales A/c		-	41,000
Sales Return A/c		2,000	
Purchase Return A/c			1,800
Sumit Brothers		30,000	
Virat & Co.		-	24,000
Vishal		-	40,000
Total		5,18,600	5,18, 600

Suspense Account :

When Trial Balance Does not agree, then first of all we try to locate the errors. Sometimes, in spite of the best efforts, all the errors are not located and the Trial Balance does not tally. Then in order to avoid delay in the preparation of final accounts, a new account is opened which is known as "Suspense Account." Difference in Trial Balance is posted to this Account.

1. If there is Excess Debit in the Trial Balance → Difference is posted to the Credit side of Suspense A/c

2. If there is Excess Credit in the Trial Balance → Difference is posted to the Debit side of Suspense A/c

Example :

Trial Balance

S. No.	Trial Dr. Total (₹)	Balance (Cr Total) (₹)	Difference (₹)	Posted to the Suspense A/c
1.	2,25,00	2,16,500	8,500 (Excess Debit)	Credit Side of Suspense A/c
2.	2 16,500	2,25,000	8,500 (Excess Debit)	Debit Side of Suspense A/c

Closing of Suspense A/c

- The errors which led to the difference still remains to have to be located.
- These errors will be rectified through Suspense A/c (One sided errors) which will be explained in the topic Rectification of Errors.
- 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.

Suggested Methodology

1. Explanation and Illustration Method.

Question for Practice

The following trial balance has been prepared by an inexperienced accountant. Redraft it in the correct form:-

Name of Accounts	LF	Debit Balance ₹	Credit Balance ₹
Cash in hand		8000	
Machinery		50000	
Purchases		132000	
Sundry debtors		48000	

Carriage inwards	4000	
Carriage outward		2000
Wages	36000	
Rent & Taxes	10000	
Sundry Creditors		31000
Discount allowed		2000
Returns outwards	5000	
Returns inwards		20000
Capital	60000	
Drawings		12000
Bank Loan	20000	
Interest on Loan	3000	
Opening Stock		52000
Sales		260000
Discount Received	3000	
Total	**379000**	**379000**