

## STANDARD GENERAL LEDGER

- Ledger accounts are used to post the economic activities.
- Posting is the name of transferring accounts from the book of prime entry to related ledger accounts.
- When all the transactions for a given period have been journalized, the next step is to classify them according to the account affected.
- Ledger is a book that keeps separate record for each account.
- Ledger is the book of secondary entry.
- An account in its simplest form is a T-shape. It should be noted that Journal contains a chronological record while Ledger contains a classified record of all economic activities.

Debit Side	Credit side

### 9.1 Types of Ledger and Procedure

There are two types of ledger accounts.

#### 9.1.1 Standard General Ledger

Since the Ledger keeps record of transactions that affect one head of account, therefore, it should provide all the information that a user may need. Usually the ledger is required to provide following information.

- |                 |                      |            |          |
|-----------------|----------------------|------------|----------|
| (a) Account #   | (b) Title of Account | (c) Page # | (d) Date |
| (e) Description | (f) Reference        | (g) Amount |          |

Account #				Title of Account				Page #
Date	Description	Ref	Amount	Date	Description	Ref	Amount	
	<b>Total</b>				<b>Total</b>			

#### 9.1.1.2 Process of Posting in Standard General Ledger

The process of posting is simple and involves following steps.

- ❖ The debit part of journal entry is recorded on the debit side of the relevant account by credit account name (Source).
- ❖ The credit part of journal entry is recorded on the credit side of the relevant account by debit account name (Source).
- ❖ In the reference column of the general journal the code or page number of ledger account are noted.
- ❖ In the reference column of the ledger account the page number of the journal is noted.

**Example # 9.1:** Post following entries to Cash Standard Ledger Account?

## General Journal

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Date		Account Title and Explanations	Ref	Amount (Rs)	
				Debit	Credit
2015					
July	1	Cash		100,000	
		Owner's equity			100,000
	5	Purchases		15,000	
		Cash			15,000
	8	Cash		25,000	
		Sales			25,000
	12	Account Receivable_ Raheel Store		13,000	
		Sales			13,000
	16	Drawing		4,000	
		Cash			4,000
	19	Cash		2,000	
		Commission			2,000
	21	Machine		10,000	
		Account Payable_ Ali sons			10,000
	23	Cash		10,000	
		Account Receivable_ Raheel Store			10,000
	27	Salary		1,000	
		Cash			1,000
	29	Account Payable_ Ali Sons		8,000	
		Cash			8,000
Total				Rs. 188,000	Rs. 188,000

Account # 102

Cash Account

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Date	Description	Ref	Amount	Date	Description	Ref	Amount
Total				Total			

### 9.1.1.3 Balancing an Account

- Find the total of debit side and Find the total of credit side. Put bigger value both sides in Total.
- Calculate the difference between the two sides. This is the Balance (The balancing figure between the two sides).
- Write the balance on the smaller side with key words "Balance c/d". However, the balance will be known by the larger side i.e. if the debit side is greater than the credit side, the balance will be known as debit balance and vice versa.
- Bring down the debit balance on the debit side writing the words in Description column "Balance b/d". Similarly, bring down the credit balance on the credit side by writing the words in the Description column "Balance b/d".

**Example # 9.2:** Sardar Hammad is sole owner of business. He has been started business since 1990 in Karachi. Following are transaction for the month of August 2016, prepare General Journal, General Ledgers and Trial Balance.

3. Reinvestment in the shape of Cash Rs. 80,000 and Furniture Rs. 20,000.
5. Cash Sales Rs. 10,000 and on account Sales Rs. 12,000.
6. Bought goods from Ahmed Co. Rs. 60,000 paid Rs. 15,000 cash and remaining Note payable pay within 30 days.
9. Purchase Office Equipment from Waseem Shah worth Rupees Rs. 99,000, a cash down payment of Rs. 19,000 and balance will be paid by four installments, first due on 30 August.
21. Goods return by credit customer of worth Rs. 12,000.
30. Paid first installment of Rs. 20,000.

**General Journal**

Date		Account Title and Explanations	Ref	Amount (Rs.)	
				Debit	Credit
<b>2016</b>					
<b>Aug.</b>	<b>3</b>	Cash		80,000	
		Furniture		20,000	
		Owner's Equity_ Sardar Hammad (Reinvest by owner in the business)			100,000
	<b>5</b>	Cash		10,000	
		Account Receivable		12,000	
		Sales (Cash and credit Sales)			22,000
	<b>6</b>	Purchases		60,000	
		Cash			15,000
		Note Payable_ Ahmed Co. (Purchases by cash and credit from Ahmed)			45,000
	<b>9</b>	Office Equipment		99,000	
		Cash			19,000
		Account Payable_ Waseem Shah (Purchase O. equipment on installments by Waseem)			80,000
	<b>21</b>	Sales Return		12,000	
		Account Receivable (Goods return by credit customer)			12,000
	<b>30</b>	Account Payable_ Waseem Shah		20,000	
		Cash (Paid 1 <sup>st</sup> installment to Waseem Shah)			20,000
<b>Total</b>				<b>Rs. 313,000</b>	<b>Rs. 313,000</b>



Account # 1

Cash Account

Page #

<i>Date</i>	<i>Description</i>	<i>Ref</i>	<i>Amount (Rs.)</i>	<i>Date</i>	<i>Description</i>	<i>Ref</i>	<i>Amount (Rs.)</i>
<b>Total</b>				<b>Total</b>			

Account # 2

Furniture Account

Page #

<i>Date</i>	<i>Description</i>	<i>Ref</i>	<i>Amount (Rs.)</i>	<i>Date</i>	<i>Description</i>	<i>Ref</i>	<i>Amount (Rs.)</i>
<b>Total</b>				<b>Total</b>			

Account # 3

Owner's Equity Account

Page #

<i>Date</i>	<i>Description</i>	<i>Ref</i>	<i>Amount (Rs.)</i>	<i>Date</i>	<i>Description</i>	<i>Ref</i>	<i>Amount (Rs.)</i>
<b>Total</b>				<b>Total</b>			

Account # 4

Account Receivable

Page #

<i>Date</i>	<i>Description</i>	<i>Ref</i>	<i>Amount (Rs.)</i>	<i>Date</i>	<i>Description</i>	<i>Ref</i>	<i>Amount (Rs.)</i>
<b>Total</b>				<b>Total</b>			



Account # 5

Sales Account

Page #

<i>Date</i>	<i>Description</i>	<i>Ref</i>	<i>Amount (Rs.)</i>	<i>Date</i>	<i>Description</i>	<i>Ref</i>	<i>Amount (Rs.)</i>
<b>Total</b>				<b>Total</b>			

Account # 6

Purchase Account

Page #

<i>Date</i>	<i>Description</i>	<i>Ref</i>	<i>Amount (Rs.)</i>	<i>Date</i>	<i>Description</i>	<i>Ref</i>	<i>Amount (Rs.)</i>
<b>Total</b>				<b>Total</b>			

Account # 7

Note Payable Account

Page #

<i>Date</i>	<i>Description</i>	<i>Ref</i>	<i>Amount (Rs.)</i>	<i>Date</i>	<i>Description</i>	<i>Ref</i>	<i>Amount (Rs.)</i>
<b>Total</b>				<b>Total</b>			

Account # 8

Office Equipment Account

Page #

<i>Date</i>	<i>Description</i>	<i>Ref</i>	<i>Amount (Rs.)</i>	<i>Date</i>	<i>Description</i>	<i>Ref</i>	<i>Amount (Rs.)</i>
<b>Total</b>				<b>Total</b>			



Account # 9

Account Payable

Page #

Date	Description	Ref	Amount (Rs.)	Date	Description	Ref	Amount (Rs.)
Total				Total			

Account # 10

Sales Return Account

Page #

Date	Description	Ref	Amount (Rs.)	Date	Description	Ref	Amount (Rs.)
Total				Total			

*Sardar Hammad*  
*Trial Balance*  
*As on August 2016*

S. No.	Heads of Account	Ref	Amount (Rs.)	
			Debit	Credit
1	Cash			
2	Furniture			
3	Owner Equity			
4	Account Receivable			
5	Sales			
6	Purchases			
7	Note Payable			
8	Office Equipment			
9	Account Payable			
10	Sales Return			
Total			Rs. 227,000	Rs. 227,000

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