

4.3 SELF-BALANCING LEDGER

When a number of ledgers are kept by a concern and if their balances do not tally, the account would have to face great difficulty in tracing the book keeping errors, responsible for non-agreement of the Trial Balance. In order to reduce to a minimum the trouble and time involved in locating the errors, sometimes the system of self-balancing or sectional balancing of ledger is employed.

Quite often the debit and credit entries relating to a transaction are posted in different ledgers e.g. when goods are sold in credit, the Sales Account will be credited in the General Ledger but the corresponding debit will be made in the customer's account in the Personal Ledger. In such a case for ascertaining the correctness of the posting in either of the ledgers it will be necessary to take out balances in both the ledgers; thus a mistake in one ledger will require checking of the balances in the others as well.

Such a position would be avoided if every ledger is made independent of the other by the converse aspect of entries in each ledger being posted in total to the Control Account set up in the ledger itself. If this is done the correctness of individual balances in each ledger would be verified by extracting its balances and agreeing them with the balances of the Control Account. A ledger that has a Control Account set up in it, is referred to as a self-balancing ledger. It connotes that it is capable of being balanced independently, the balance in the Control Account being equal to that of the individual balance.

The advantages of this system are:

- 1) It fixes the responsibility of the ledger keeper, as to the balancing to the ledger or ledger under his/her charge and the person responsible for the mistake can be called upon to work overtime to locate it. Errors are localized.
- 2) It enables preparation of interim accounts without personal ledgers having to be balanced.
- 3) The figures of total debtors or creditors are readily available

Sectional Balancing

A really simple way to prove the accuracy of say, the Sales Ledger would be to maintain in a Total Debtors account in the General Ledger. It would mean that whereas accounts of individual customer would be maintained in the Sales Ledger, in the General Ledger the Total Debtors account would be posted by the (monthly) totals of various transactions with credit customer total credit sales, total amount received from credit customers, total discount allowed to them, total return inwards, total bills receivable received; etc. The balance in the Total Debtors Account should be equal to the total of balances shown by the accounts of individual customers. If it is so, the Total Debtors Account as well as individual customers' account may be taken as correct. A difference would show that there is some error somewhere.

In the same way, the accuracy of individual supplier account may be checked by comparing total of their balances with the balance in the Total Creditors Account.

The double entry would be complete in the General Ledger itself. For instance, for credit sales, Total Debtors Account would be debited and Sales Account credited. For goods returned to suppliers, Total Creditors Account would be debited and Returned Outward Account credited.

The "total accounts: are also known as adjustment accounts or control accounts since they prove the accuracy of the subsidiary (Sales or Bought) ledgers.

The format of Total Debtors account will be as follows:

| | | ₹ | | | ₹ |
|----|--------------------------|-----|----|--------------|-----|
| To | Balance b/d | xxx | By | Balance b/d | xxx |
| To | Sales | xxx | By | Cash/Bank | xxx |
| To | B/R (dishonored) | xxx | By | B/R | xxx |
| To | Cash (advance repayment) | xxx | By | discount | xxx |
| | | | By | Bad Debt | xxx |
| | | | By | Sales Return | xxx |

Other items may be debited or credited as per the information.

The format of Total Creditors account will be as follows:

| | | | | | |
|----|------------------|-----|----|----------------|-----|
| | | ₹ | | | ₹ |
| To | balance b/d | xxx | By | Balance b/d | xxx |
| To | Cash | xxx | By | Purchases | xxx |
| To | Discount recd. | xxx | By | B/P dishonored | xxx |
| To | B/P | xxx | | | |
| To | Purchase Returns | xxx | | | |

Other items may be debited or credited as per the information.

Self-Balancing

Since in the Sales or Bought ledgers double entry is not completed, in the system outlined above, a separate trial balance cannot be taken out from these ledgers. If these ledgers are maintained in such a way as to offer separate trial balances, the system would be known as “self-Balancing”. In such a case “general Ledger Adjustment Account” is prepared in each of the subsidiary ledgers. The General Ledger would have:

- (i) Debtors Ledger Adjustment Account (Total Debtors Account) and
- (ii) Creditors Ledger Adjustment Accounts (Total Creditors Account).

These accounts are known as Control Accounts. The system on which entries are made in the adjustment account is described below:

In the General Ledger

| Debtors Ledger Adjustment Account | | | | | |
|-----------------------------------|-------------------------------|-----|----|-------------------------------|-----|
| | Particulars | ₹ | | Particulars | ₹ |
| To | Balance b/f | xxx | By | Balance b/f (if any) | xxx |
| To | General ledger Adjustment A/c | | By | General ledger Adjustment A/c | |
| | Sales (credit) | xxx | | Sales Returns | xxx |
| | B/R Dishonored | xxx | | Cash & received | xxx |
| | Interest charged | xxx | | Bill receivable | xxx |
| | Notary charges | xxx | | Discount allowed | xxx |
| | Cash paid | xxx | | Bad debts | xxx |
| To | Balance c/d (if any) | xxx | | Transfer (if any) | xxx |
| | | | By | Balance c/d | xxx |

| Creditors Ledger Adjustment Account | | | | | |
|-------------------------------------|---------------------------|-----|----|-------------------------------|-----|
| | Particulars | ₹ | | Particulars | ₹ |
| To | Balance b/d (if any) | xxx | By | Balance b/d | xxx |
| To | Gen ledger Adjustment A/c | | By | General ledger Adjustment A/c | |
| | Cash & Cheque paid | xxx | | Purchases (credit) | xxx |
| | Returns onwards | xxx | | B/R dishonored | xxx |
| | Discount received | xxx | By | Balance c/d | xxx |
| | Bills payable accepted | xxx | | | |
| | Transfer (if any) | xxx | | | |
| To | Balance c/d | xxx | | | |

In the Debtors Ledger

| General Ledger Adjustment Account | | | | | |
|-----------------------------------|-------------------------------|-----|----|-------------------------------|-----|
| | Particulars | ₹ | | Particulars | ₹ |
| To | Balance b/f (if any) | xxx | By | Balance b/d | xxx |
| To | Debtors ledger Adjustment A/c | | By | Debtors ledger Adjustment A/c | |
| | Sales Returns | xxx | | Sales (credit) | xxx |
| | Cash & Cheque received | xxx | | Interest charged | xxx |
| | Discount allowed | xxx | | B/R Dishonored | xxx |
| | Bill receivable received | xxx | | Notary charges | xxx |
| | Bad debts | xxx | | Cash paid | xxx |
| | Transfer (if any) | xxx | By | Balance c/d (if any) | xxx |
| To | Balance c/d | xxx | | | |

In the Creditors Ledger

| General Ledger Adjustment Account | | | | | |
|-----------------------------------|---------------------------------|-----|----|---------------------------------|-----|
| | Particulars | ₹ | | Particulars | ₹ |
| To | Balance b/d | xxx | By | Balance b/d (if any) | xxx |
| To | Creditors ledger Adjustment A/c | | By | Creditors ledger Adjustment A/c | |
| | Purchases (credit) | xxx | | Returns outwards | xxx |
| | Cheque & B/R dishonored | xxx | | Cash & cheque paid | xxx |
| To | Balance c/d (if any) | xxx | | Discount received | xxx |
| | | | | Bills payable accepted | xxx |
| | | | By | Balance c/d | xxx |

ASSIGNMENTS FOR CLASS

1).

M. Govind keeps self-balancing ledgers. Record the following transactions in the General Ledger Adjustments Account in the Sales Ledger:

| | |
|------------|---|
| 01.04.2006 | Received ₹475 from Mr. X in full settlement. He was allowed a discount of ₹25. |
| 02.04.2006 | Received ₹2,000 from Mr. Y towards his dues in full. |
| 03.04.2006 | Goods supplied to Mr. T ₹700 and received ₹300 after adjustment of the advance of ₹400. |
| 04.04.2006 | Bad debts recovered from Mr. Q ₹1,000. |
| 05.04.2006 | Goods sold to the following: |
| | Mr. A ₹1,000 |
| | Mr. B ₹1,500 |
| | Mr. C ₹2,000 |
| 15.04.2006 | Mr. P paid ₹750 towards dues. Balance thereafter due was ₹250. |
| 25.04.2006 | Amount received from the following: |
| | Mr. A ₹750 |
| | Mr. B ₹1,000 |
| | Mr. C ₹2,000 |
| | Advanced received from Mr. R for supply ₹2,000. |

2).

From the following prepare General Ledger Adjustment account in Debtors Ledger and Debtors Ledger Adjustment account in General Ledger:

| | ₹ |
|---|----------|
| Balance as on 1.4.2008 | |
| Debit balances in Debtors ledger | 2,46,200 |
| Credit balances in Debtors ledger | 3,400 |
| Transactions during the month of April, 2008 | |
| Credit sales | 9,74,900 |
| Sales return | 21,700 |
| Cash received from debtors | 8,62,100 |
| Discount allowed to debtors | 39,200 |
| Bills receivable received from debtors | 51,200 |
| Bills receivable dishonored | 3,500 |
| Bills payable given to suppliers | 27,000 |
| Credit balance in Debtors ledger on 30.4.2008 | 5,200 |

3).

From the following information, prepare (i) Total Debtors Account; and (ii) Total Creditors Account.

| Date | | ₹ |
|-----------|--|--------|
| 1.1.98 | Balance of Sundry Debtors | 32,000 |
| | Balance of Sundry Creditors | 37,000 |
| 30.6.1998 | Credit Purchases | 9,000 |
| | Credit Sales | 19,600 |
| | Cash sales | 1,500 |
| | Cash Purchases | 1,000 |
| | Paid to Creditors | 19,750 |
| | Discount Received | 650 |
| | Discount Allowed | 400 |
| | Cash Received from Debtors | 15,600 |
| | Bills Payable accepted | 3,000 |
| | Bills Receivable received | 6,000 |
| | Returns Inwards | 1,750 |
| | Returns Outwards | 1,200 |
| | Rebate allowed to Debtors | 550 |
| | Rebate allowed by Creditors | 300 |
| | Provision for Doubtful Debts* | 320 |
| | Bad Debts | 900 |
| | Bills Receivable Dishonored | 750 |
| | Bad Debts, previously written off, now Recovered | 500 |

4).

The following details were extracted from the books of a company for the 6 months ended 31.3.1998.

| Particulars | ₹ | Particulars | ₹ |
|----------------------------------|--------|--------------------------------------|--------|
| Debtors balances total 1.10.1997 | 1,927 | Purchases Returns | 182 |
| Supplier balances total | 1,215 | Interest charged to Debtors | 5 |
| Cash paid to Suppliers | 7,613 | Debtor's cheque Dishonored | 76 |
| Cash Received from Debtors | 12,993 | Discount Allowed | 356 |
| Purchases | 8,849 | Bills Payable Accepted | |
| Discount Received | 286 | (including renewals) | 891 |
| Bad Debts written off | 56 | Bills payable withdrawn upon renewal | 200 |
| Sales Returns | 83 | Interest on Bills payable renewed | 3 |
| | | Sales | 13,308 |

The total of the balances extracted from the Trade Ledger on 31.3 1998 were: Sales Ledger ₹1,808; Bought Ledger ₹1,290.

Prepare Total Debtors Account and Creditors Account from the details given above and show whether the balance agree with balances per schedule as extracted from the Trade Ledgers as on 31.3.1998.

5).

Dinesh & Co. has three ledgers in use viz, a Debtors Ledger, a Creditor Ledger and a Normal Ledger which are all kept on the system of self-balancing. From the following particulars prepare the adjustments account that would appear in each of these ledgers.

| 2006 | | ₹ |
|---------|------------------------------|--------|
| Jan. 1 | Balance of Sundry Debtors | 16,000 |
| | Balance of Sundry Creditors | 18,500 |
| Jan, 31 | Credit Purchases | 4,500 |
| | Credit Sales | 9,800 |
| | Cash sales* | 1,500 |
| | Paid to Creditors | 9,875 |
| | Discount allowed by them | 325 |
| | Cash received from debtors | 7,800 |
| | Allowed them discount | 200 |
| | Bills payable accepted | 1,500 |
| | Bills receivable received | 3,000 |
| | Returns inwards | 875 |
| | Return outwards | 600 |
| | Rebates allowed to debtors | 275 |
| | Rebates allowed by creditors | 150 |
| | Provision for doubtful debts | 320 |
| | Bad Debts | 450 |
| | Bills receivable dishonored | 375 |

6).

Prepare journal entries in the books of Exe Ltd. for the following.

1. The Sales Book was found under cast by ₹1,000.
2. Discount allowed to Rao ₹50 correctly, entered in the Cash Book was not posted to his account.
3. Credit balance of ₹310 in Murty's account in the Purchase Ledger was to be transferred to his account in Sales Ledger.

Give Journal Entries both under the self-balancing system and the sectional balancing system. Suspense account has been created to balance the trial balance.

ASSIGNMENTS FOR HOME

1).

Gupta Traders keep their ledgers on the self-balancing system. They provide you the following information for the year ended 31st March, 2010.

| | |
|--|----------|
| Debtors balance on 1 st April, 2009 | 1,37,250 |
| Credit sales | 68,100 |
| Returns inward | 1,200 |
| Returns outward | 1,800 |
| Cash received from customers | 76,800 |
| Discount received | 2,010 |
| Acceptances received | 25,500 |
| Bills receivable dishonored | 3,600 |
| Bad debts written off | 7,500 |

You are required to prepare General Ledger Adjustment A/c in Sales Ledger of Gupta Traders.

[Closing Debtors = ₹97,950]

2).

From the following information furnished by X & Co., prepare Total Debtors Account.

| Transactions for the month of March, 2009 | | ₹ |
|---|---|--------|
| (i) | Sales (includes cash sales of ₹7,000) | 68,000 |
| (ii) | Collections from debtors (cash) | 57,000 |
| (iii) | Discount allowed | 2,000 |
| (iv) | Bad debts written off | 1,500 |
| (v) | Cheques received | 10,000 |
| (vi) | Cheques dishonored | 2,000 |
| (vii) | Return inward | 700 |
| (viii) | Bad debts written off – now recovered | 500 |
| (ix) | Provision for doubtful debts | 1,200 |
| (x) | Balance outstanding on 1.3.2009 (Receivables) | 20,000 |

[Closing Debtors = ₹11,800]

3).

Ujju Enterprise furnishes you the following information for the period October to December, 2009. You are requested to draw up Debtors Ledger Adjustment account in the General Ledger:

- (i) Total sales amounted to ₹2,20,000 including sale of old motor car for ₹10,000 (book value ₹5,000). Total credit sales were 80% higher than the cash sales.
- (ii) Cash collection from debtors amounted to 60% of the aggregate of the opening debtors amounting to ₹40,000 and credit sales for the period. Debtors were allowed discount of ₹10,000.
- (iii) Bills receivables drawn during the period totaled ₹20,000 of which one bill of ₹5,000 was dishonored for non-payment as the party became insolvent and his estate realized 50 paise in a rupee.
- (iv) A sum of ₹3,000 was written off as bad debts, ₹7,000 was realized against bad debts written off in earlier years and provision of ₹6,000 was made for doubtful debts.

[Closing Debtors = ₹39,500, Cash Collection = ₹1,05,000, Credit Sales = ₹1,35,000.]

4).

Prepare the General Ledger Adjustment Account as will appear in the Debtors' and Creditors' Ledger from the following information-

| Opening Balance | Dr. | Cr. |
|-------------------|--------|--------|
| Debtors' Ledger | 47,200 | 240 |
| Creditors' Ledger | 280 | 26,300 |

Transactions for the year:

| Particulars | ₹ | Particulars | ₹ |
|---------------------------------|----------|--|-------|
| Total Sales | 1,20,000 | Bills Receivable dishonored | 1,500 |
| Cash Sales | 8,000 | Bills Receivable discounted | 5,000 |
| Total Purchases | 89,500 | Bills Receivable | |
| Credit Purchases | 67,000 | endorsed to Creditors | 4,000 |
| Creditors paid off in full | 39,500 | Endorsed Bills dishonored | 1,000 |
| (in full settlement of ₹40,000) | | Bad Debts written off | |
| Received from Debtors | 58,200 | (after deducting Bad Debts recovered ₹300) | 2,200 |
| (in full settlement of ₹59,000) | | Provision for Doubtful debts | 550 |
| Returns from Debtors | 2,600 | Transfer from Debtors' Ledger to | |
| Returns to Creditors | 1,800 | Creditor's Ledger | 1,100 |
| Bills Accepted for Creditors | 5,500 | Transfer from Creditor's Ledger to | |
| Bills payable matured | 8,000 | Debtors' Ledger | 1,900 |
| Bills accepted b customers | 20,100 | - Debtors' Ledger Cr. | 380 |
| | | - Creditors' Ledger Dr. | 420 |

[Closing Debtors = ₹74,640, Closing Creditors = ₹40,140.]

5).

From the following information available from the books of a trader from 1st January to 31st March, you are required to draw up the Debtors Ledger Adjustment Account in the General Ledger -

- Total Sales amounted to ₹1,80,000 including the sale of old Xerox machine for ₹4,800 (Book Value ₹8,000). Total Cash Sales were 80% less than the Total Credit Sales.
- Cash collections from debtors amounted to 70% of the aggregate of the opening debtors and credit sales for the period. Debtors were allowed a cash discount of ₹20,000.
- Bills Receivable drawn during the three months totaled ₹30,000 of which bills amounting to ₹10,000 were endorsed in favor of suppliers. Out of the endorsed bills, one bill for ₹6,000 was dishonored for nonpayment as the party became insolvent, his estate realized nothing.
- Cheque received from customers ₹8,000 were dishonored, a sum of ₹2,000 was irrecoverable, Bad Debts written off in the earlier years realized ₹11,000.
- Sundry Debtors as on 1st January stood at ₹50,000.

[Closing Debtors = ₹14,800, Credit Sales = ₹1,46,000.]

6).

Modern Traders operates a computerized accounting system for its debtors and creditors ledgers. The control accounts for the month of March 2008 are in balance and incorporate the following totals:

| Debtors Ledger : | | ₹ |
|--|--|----------|
| Balance at 1 st March, 2008 | | |
| Debit | | 3,86,430 |
| Credit | | 190 |
| Sales | | 1,63,194 |
| Cash received | | 1,58,288 |
| Discount allowed | | 2,160 |
| Returns inwards | | 590 |
| Credit balance at 31 st March, 2008 | | 370 |

| Creditors Ledger: | | ₹ |
|---|--|----------|
| Balance at 1 March, 2008 | | |
| Credit | | 1,84,740 |
| Debit | | 520 |
| Purchases | | 98,192 |
| Cash paid | | 1,03,040 |
| Discount received | | 990 |
| Returns outwards | | 1,370 |
| Debit balance at 31 st March, 2008 | | 520 |

Although the control accounts agree with the underlying ledgers, a number of errors have been found, and there are also several adjustments to be made. These errors and adjustments are detailed below:

- (1) Four sales invoices totaling ₹1,386 have been omitted from the records.
- (2) A cash refund of ₹350 paid to a customer, A Sen, was mistakenly treated as a payment to a supplier with the same name.
- (3) A contra settlement offsetting a balance of ₹870 due to supplier against the debtors ledger account for the same party is to be made.
- (4) Bad debts totaling ₹1,360 are to be written-off.
- (5) During the month, a settlement was reached with a supplier over a disputed account. As a result, the supplier issued a credit note for ₹2,000 on March 26. No entry has yet been made for this.
- (6) A purchases invoice for ₹1,395 was keyed in as ₹1,359.
- (7) A payment of ₹2,130 to a supplier, B Rao, was mistakenly entered to the account of R Rao.

You are required to :

- (i) Prepare the Debtors Ledger Control Accounts;
- (ii) Prepare Creditors Ledger Control Account;

as they should appear after allowing, where necessary, for the errors and adjustments listed above.

[Closing Debtors = ₹3,88,272, Closing Creditors = ₹1,75,048.]

7).

The following information is available from the book of a trader from January 1 to March 31, 2008:

- (1) Total sales amounted to ₹60,000 including the sale of old furniture for ₹1,200 (book value ₹3,500). The total cash sales were 80% less than the total credit sales.
- (2) Cash collection from debtors amounted to 60% of the aggregate of the opening debtors and credit sales for the period. Debtors were allowed cash discount for ₹2,600.
- (3) Bills Receivable drawn during three months totaled ₹6,000 of which bills amounting to ₹3,000 were endorsed in favor of suppliers. Out of these endorsed B/R, a B/R for ₹600 was dishonored for non-payment, as the party became insolvent, his estate realizing nothing.
- (4) Purchases totaled ₹16,000 of which 10% was for cash.
- (5) A cheque received from a customer for ₹6,000 was dishonored; a sum of ₹500 is irrecoverable: Bad Debts written off in the earlier years realized ₹2,500.
- (6) Sundry debtors, as on 1st January, 2008 stood at ₹40,000

You are required to show the Debtors' Ledger Adjustment Account in the General Ledger.

[Closing Debtors = ₹32,500, Credit Sales = ₹49,000.]

8).

From the following information prepare a Total Debtors Account as appearing in the General ledgers in the Books of M/s Shukla and Company.

Debit balance as on 1.7.2008, ₹87,200; Credit balance as on 1.7.2008 in Debtors Account ₹600.

Transactions during 6 months ended on 31.12.2008:

Total sales were ₹94,000 including cash sales of ₹4,000. Debtors whose balances were in credit were paid off ₹600. Payments received by cheque from Debtors ₹60,000. Payments received by cash from Debtors ₹48,000. Payment received by bills receivable ₹26,000.

Bills receivable received from Debtors were dishonored for ₹6,000 and noting charges of ₹60 were paid. Cheque received from customers were dishonored for ₹800.

Out of bills receivable received and included in ₹26,000 above, bills of ₹5,000 were endorsed to suppliers.

Bad debts written-off during the period were ₹1,000. Discount allowed for prompt payment were ₹700 and bad debts written off in 2007 and now recovered from debtors amounted to ₹900.

Interest debited for delay in payments were ₹1,250. On 31.12.2008 provision for doubtful debts was created for ₹2,100. M/s Trial & Co.'s account appeared in Debtors Ledger and also in Creditors Ledger. The balance in Creditors Ledger was ₹900 and the same was transferred to Debtors Ledger. Goods of ₹2,760 were rejected by the customers.

[Closing Debtors = ₹45,950.]

9).

A business concern maintains self-balancing ledgers. On the basis of following information, prepare General Ledger Adjustment Account in Debtors Ledger for the month of April, 2012:

| | (₹) |
|---|-----------|
| Debit balances in Debtors Ledger on 01-04-2012 | 3,58,200 |
| Credit balances in Debtors Ledger on 01-04-2012 | 9,400 |
| Transactions during the month of April, 2012 are: | |
| Total Sales Including Cash Sales, ₹1,00,000) | 20,95,400 |
| Sales Returns | 33,100 |
| Cash received from credit customers | 17,25,700 |
| Bills Receivable received from customers | 95,000 |
| Bills Receivable dishonored | 7,500 |
| Cash paid to customers for returns | 6,000 |
| Transfers to Creditors Ledger | 16,000 |
| Credit balances in Debtors Ledger on 30-04-2012 | 9,800 |

[General Ledger Adjustment A/c in Debtor Ledger Closing Balance = 4,97,700,]

10).

M/s. Big Systematic Ltd. maintains self-balancing ledgers preparing control accounts at the end of each calendar month.

On 3rd January, 2013 the accountant of the company located the following errors in the books of account:

- (i) An amount of ₹8,700 received from customer Mehra was credited to Mehta, another customer.
- (ii) The sales book for December, 2012 was under cast by ₹1,000.
- (iii) Goods invoiced at ₹15,600 were returned to supplier, M/s Mega Ltd., but no entry was made in the books for this return made on 28th December, 2012.

Pass the necessary Journal Entries to rectify the above mentioned errors.

[NA]

11).

Prepare the General Ledger Adjustment Account as will appear in the Debtors' Ledger from the information given below:

| | Dr. ₹ | Cr. ₹ |
|--|----------|-------|
| Balances on 1.4.2012 | | |
| Debtors' Ledger | 94,400 | 480 |
| Transactions for the year ended 31.3.2013: | | |
| Total sales | 2,40,000 | |
| Cash sales | 16,000 | |
| Received from debtors (in full settlement of ₹1,18,000) | 1,16,400 | |
| Returns from debtors | 5,200 | |
| Bills accepted by customers | 40,200 | |
| Bills receivables dishonored | 3,000 | |
| Bills receivable discounted | 10,000 | |
| Bills receivable endorsed to creditors | 8,000 | |
| Endorsed bills dishonored | 2,000 | |
| Bad debts written off (after deducting bad debts recovered ₹600) | 4,400 | |
| Provision for doubtful debts | 1,100 | |
| Transfer from debtors' ledger to creditors' ledger | 2,200 | |
| Transfer from creditors' ledger to debtors' ledger | 3,800 | |
| Balance on 31.3.2013 | | |
| Debtors' ledger (Credit Balance) | 760 | |

[Closing Balance = 1,49,280]

12).

The following information is extracted from a set of books of Mr. Vasu for the year ended 31st December, 2012:

| | ₹ |
|----------------------------|-----------|
| Sales | 11,26,000 |
| Purchases | 6,44,000 |
| Returns outward | 15,200 |
| Cash received from debtors | 3,68,400 |
| Bills payable accepted | 2,40,000 |
| Returns inward | 33,600 |
| Cash paid to creditors | 3,60,000 |
| Bills receivable received | 3,20,000 |
| Discounts received | 8,400 |
| Bad debts written off | 24,000 |
| Discount allowed | 21,600 |

The total of the sales ledger balances on 1st Jan, 2012 was ₹6,41,600 and that of the purchases ledger balances on the same date was ₹3,72,800.

Prepare Sales Ledger and Purchases Ledger Adjustment Accounts in the General Ledger from the above information.

[10,00,000; 3,93,200]

13).

From the following particulars, prepare Total Debtors Account in the general ledger:

| Balance as on 1-4-2013 | Dr. (₹) | Cr.(₹) |
|--|----------------|---------------|
| Sundry Debtors | 20,000 | 300 |
| Transactions during April, 2013 | | |
| | ₹ | |
| Sales (including cash ₹6,000) | | 25,000 |
| Cash received from customers (in full settlement of claims of ₹15,000) | | 14,100 |
| Bills receivable received | | 3,000 |
| Bills receivable endorsed | | 800 |
| Endorsed B/R dishonored | | 300 |
| B1R discounted | | 1,400 |
| Bills receivable dishonored | | 400 |
| Interest charged on dishonored B/R | | 30 |
| Transfer from Debtors Ledger to Creditors ledger | | 600 |
| Balance as on 30-4-2013 | | |
| Sundry Debtors (Cr.) | | 450 |

[Closing Balance = 21,280]

14).

How will you show the following items in General Ledger Adjustment Account in Debtors ledger and General Ledger Adjustment Account in Creditors Ledger:

| | ₹ |
|---|----------------|
| Opening Balance of debtors ledger | 40,000 |
| Opening Balance of creditors ledger | 20,000 |
| Credit sales | 92,000 |
| Credit purchases | 59,600 |
| Transfer from Debtors' Ledger to Creditors' ledger | 2,200 |
| Transfer from Creditors' Ledger to Debtors' Ledger | 3,800 |
| Bill receivable endorsed to Creditors | 8,000 |
| Endorsed Bills dishonored | 2,000 |
| Bad Debts written off (after deducting bad debts recovered ₹600) | 4,400 |
| Provision for Doubtful Debts | 1,100 |
| Provision for Discount on Debtors | 2,000 |
| Reserve for Discount on Creditors | 4,000 |
| Cash Sales | 6,000 |
| Cash Purchases | 8,000 |
| Bill Receivable Collected on maturity | 10,000 |
| Bills Receivable discounted | 12,000 |
| Bills Payable matured | 14,000 |
| Discount allowed | 3,000 |
| Discount received | 1,200 |
| Allowances from Creditors | 6,400 |
| Discount allowed to debtors ₹1,000 was recorded as discount received from creditors | |
| Closing Debtors Balance (As per General ledger Adjustment Account) | 1,20,000 (Cr.) |
| Closing Creditors Balance (As per General Ledger Adjustment Account) | 60,000 (Dr.) |

[Total = 1,34,000; 81,600]

15).

From the following particulars, prepare the Creditors Ledger Adjustment Account as would appear in the General Ledger of Mr. Sathish for the month of March 2014.

| Date | Particulars |
|------|--|
| 1 | Purchase from Mr. Akash ₹7,500 |
| 3 | Paid ₹3,000 after adjusting the initial advance in full to Mr. Akash. |
| 10 | Paid ₹2,500 to Mr. Dev towards the purchases made in February in full. |
| 12 | Paid advance to Mr. Giridhar ₹6,000 |
| 14 | Purchased goods from Mr. Akash ₹6,200 |
| 20 | Returned goods worth ₹1,000 to Mr. Akash |
| 24 | Settled the balance due to Mr. Akash at a discount of 5%. |
| 26 | Goods purchased from Mr. Giridhar against the advance paid already |
| 29 | Purchased from Mr. Nathan ₹3,500 |
| 30 | Goods returned to Mr. Prem ₹1,200. The goods were originally purchased for cash in the month of February 2014. |

[Total = 25,700]