

# Chapter 2 – LEDGER

## Format of Ledger

Dr.		(Name of Account )		Cr.			
Date	Particulars	J.F	Amount	Date	Particulars	J.F	Amount
--/--/--	To Bal B/d*		XX	--/--/--	By Bal B/d*		XX
--/--/--	To A/c Name		XX	--/--/--	By A/c Name		XX
--/--/--	To Bal C/d#		XX	--/--/--	By Bal C/d#		XX
	Total:		XXXX		Total:		XXXX

\* # Any one

Section	Details
<b>Procedures for Ledger Maintenance</b>	<b>1. Posting :</b> Transfer journal entries to ledger accounts. <b>2. Totalling :</b> Sum amounts on each side of ledger (casting). <b>3. Balancing :</b> Find net effect by calculating the difference between debit and credit totals.
<b>Ledger Balancing Steps</b>	1. Total Debit and Credit columns. 2. If Debit > Credit, difference (debit balance) recorded on Credit side as 'By Balance c/d'. 3. If Credit > Debit, difference (credit balance) recorded on Debit side as 'To Balance c/d'. 4. Totals written, double lines drawn. 5. Bring forward balance in next period.
<b>Types of Ledger Accounts</b>	<b>1. Asset Accounts:</b> Always debit balance; ceases when nil. <b>2. Liability Accounts:</b> Always credit balance; ceases when nil. <b>3. Nominal Accounts:</b> Not balanced, closed to Trading/Profit & Loss accounts. <b>4. Personal Accounts:</b> - Debit balance: Debtor

Section	Details
	<ul style="list-style-type: none"> <li>- Credit balance: Creditor</li> <li>- Nil balance: No receivable/payable.</li> </ul>
<b>Note</b>	Only accounts with balances (debit/credit) appear in the balance sheet