Sampurna Jan 2026

Accounting
Ledger

DPP-01

State with reasons whether the following statement is true or false:

1. Ledger is also known as the principal book of accounts.

2. Cash account has a debit balance.

3. Posting is the process of transferring the accounts from ledger to journal.

4. At the end of the accounting year, all the nominal accounts of the ledger book are balanced.

5. Ledger records the transactions in a chronological order.

6. If the total debit side is greater than the total of credit side, we get a credit balance as opening balance.

7. Ledger accounts of assets will always be debited when they are increased.

8. The Balance of an account is always known by the side which is shorter.

9. Ledger is also known as book of primary entry.

10. Nominal Accounts are balanced in the end of the accounting year.

Numerical :

11. Prepare the ledger accounts on the basis of following transactions in the books of a trader.
Debit Balances on January 1, 2023:
Cash in Hand ₹ 8,000, Cash at Bank ₹ 25,000, Inventory of Goods ₹ 20,000, Building ₹ 10,000. Trade receivables: Vijay ₹ 2,000 and Madhu ₹ 2,000.
Credit Balances on January 1, 2023:
Trade payables: Anand ₹ 5,000, Kapil ₹ 7,000, Capital ₹ 55,000
Following were further transactions in the month of January, 2023:

Jan. 1	Purchased goods worth ₹ 5,000 (payable at later date) for cash less 20% trade discount and 5% cash discount.
Jan. 4	Received ₹ 1,980 from Vijay and allowed him ₹ 20 as discount.
Jan. 8	Purchased plant from Mukesh for ₹5,000 and paid ₹100 as cartage for bringing the plant to the factory and another ₹200 as installation charges.
Jan. 12	Sold goods to Rahim on credit ₹ 600
Jan. 15	Rahim became insolvent and could pay only 50 paise in a rupee.
Jan. 18	Sold goods to Ram for cash ₹1,000.

12. Journalize the following transactions, post them in the Ledger and balance the accounts on 31st December.

1. X started business with a capital of ₹ 20,000
2. He purchased goods from Y on credit ₹ 4,000
3. He paid cash to Y ₹ 2,000
4. He sold goods to Z ₹ 4,000
5. He received cash from Z ₹ 6,000
6. He further purchased goods from Y ₹ 4,000
7. He paid cash to Y ₹ 2,000
8. He further sold goods to Z ₹ 4,000
9. He received cash from Z ₹ 2,000

13. Prepare the Stationary Account for the month of Jan 2023 duly balanced off from the following details:

2023		**Amount**
Jan. 1	Inventory of Stationary	480
Jan 5	Purchase of Stationary by cheque	800
Jan 15	Purchase of Stationary on credit from Five star stationary mart	1,280

14. Discuss the following:

- What do you mean by principal books of accounts?
- What are the rules of posting of journal entries into the Leger?

Answer Key

1. **True**
2. **True**
3. **False**
4. **False**
5. **False**
6. **False**
7. **True**
8. **False**
9. **False**
10. **False**

Hints and Solutions

1. (H & S)

Since it classifies all the amounts related to a particular account & then it is used as the base for preparing the Trial Balance, a ledger is also known as the principal book of accounts.

2. (H & S)

Being an asset under the modern equation approach, cash account has a debit balance.

3. (H & S)

Posting is the process of transferring the balances from journal to ledger

4. (H & S)

At the end of accounting year, all the nominal accounts of the ledger book are totalled and transferred to Trading/P&L Account

5. (H & S)

Ledger records the transactions in Analytical order, but journal records the transactions in a chronological order.

6. (H & S)

If the total debit side is greater than the total of credit side, we get a debit balance as the opening balance.

7. (H & S)

The increase to an asset shall be debited since the original balance is also debit.

8. (H & S)

The balance of an account is known by the side which is larger.

9. (H & S)

Ledger is also known as book of secondary entry.

10. (H & S)

The balances of Nominal Accounts are transferred to Profit & Loss A/c. They are not balanced.

11. (H & S)

Cash Account

Date	Particulars	Amount	Date	Particulars	Amount
Jan. 1	To Balance b/d	8,000	Jan. 1	By Purchases A/c	3,800
Jan. 4	To Vijay A/c	1,980	Jan. 8	By Plant A/c	300
Jan. 15	To Rahim A/c	300	Jan 31	By Balance c/d	7,180
Jan. 18	To Sales A/c	1,000			
		11,280			**11,280**
Feb.1	To Balance b/d	**7,180**			

Bank Account

Date	Particulars	Amount	Date	Particulars	Amount
Jan 1	To Balance b/d	25,000	Jan 31	By Balance c/d	25,000
		25,000			**25,000**
Feb.1	To Balance b/d	**25,000**			

Inventory Account

Date	Particulars	Amount	Date	Particulars	Amount
Jan 1	To Balance b/d	20,000	Jan 31	By Balance c/d	20,000
		20,000			**20,000**
Feb.1	To Balance b/d	**20,000**			

Building Account

Date	Particulars	Amount	Date	Particulars	Amount
Jan 1	To Balance b/d	10,000	Jan 31	By Balance c/d	10,000
		10,000			**10,000**
Feb.1	To Balance b/d	**10,000**			

Vijay Account

Date	Particulars	Amount	Date	Particulars	Amount
Jan 1	To Balance b/d	2,000	Jan 4	By Cash A/c	1,980
			Jan 4	By Discount Allowed A/c	20
		2,000			**2,000**

Madhu Account

Date	Particulars	Amount	Date	Particulars	Amount
Jan 1	To Balance b/d	2,000	Jan 31	By Balance c/d	2,000
		2,000			**2,000**
Feb.1	To Balance b/d	**2,000**			

Anand Account

Date	Particulars	Amount	Date	Particulars	Amount
Jan 31	To Balance c/d	5,000	Jan 1	By Balance b/d	5,000
		5,000			**5,000**
			Feb.1	By Balance b/d	5,000

Kapil Account

Date	Particulars	Amount	Date	Particulars	Amount
Jan 31	To Balance c/d	7,000	Jan 1	By Balance b/d	7,000
		7,000			**7,000**
			Feb.1	By Balance b/d	7,000

Capital Account

Date	Particulars	Amount	Date	Particulars	Amount
Jan 31	To Balance c/d	55,000	Jan 1	By Balance b/d	55,000
		55,000			**55,000**
			Feb.1	By Balance b/d	55,000

Purchases Account

Date	Particulars	Amount	Date	Particulars	Amount
Jan 1	To Cash A/c	3,800	Jan 31	By Balance c/d	4,000
Jan 1	To Discount Rec. A/c	200			
		4,000			**4,000**
Feb.1	To Balance b/d	4,000			

Discount Received Account

Date	Particulars	Amount	Date	Particulars	Amount
Jan 31	To Balance c/d	200	Jan 1	By Purchases A/c	200
		200			**200**
			Feb.1	By Balance b/d	200

Discount Allowed Account

Date	Particulars	Amount	Date	Particulars	Amount
Jan 4	To Vijay A/c	20	Jan 31	By Balance c/d	20
		20			**20**
Feb.1	To Balance b/d	20			

Plant Account

Date	Particulars	Amount	Date	Particulars	Amount
Jan 8	To Mukesh A/c	5,000	Jan 31	By Balance c/d	5,300
Jan 8	To Cash A/c	300			
		5,300			**5,300**
Feb.1	To Balance b/d	5,300			

Mukesh Account

Date	Particulars	Amount	Date	Particulars	Amount
Jan 31	To Balance c/d	5,000	Jan. 8	By Plant A/c	5,000
		5,000			**5,000**
			Feb.1	By Balance b/d	5,000

Sales Account

Date	Particulars	Amount	Date	Particulars	Amount
Jan 31	To Balance c/d	1,600	Jan. 12	By Rahim A/c	600
			Jan. 18	By Cash A/c	1,000
		1,600			**1,600**
			Feb.1	By Balance b/d	1,600

Rahim Account

Date	Particulars	Amount	Date	Particulars	Amount
Jan 12	To Sales A/c	600	Jan 15	By Cash A/c	300
			Jan 15	By Bad Debts A/c	300
		600			**600**

Bad Debts Account

Date	Particulars	Amount	Date	Particulars	Amount
Jan 15	To Rahim A/c	300	Jan 31	By Balance c/d	300
		300			**300**
Feb.1	To Balance b/d	**300**			

12. (H & S)

Journal Entries

S. No	Particulars	L.F.	Debit	Credit
1.	Cash A/c Dr.		20,000	
	To Capital A/c			20,000
	(Being commencement of business)			
2.	Purchases A/c Dr.		4,000	
	To Y A/c			4,000
	(Being purchase of goods for credit)			
3.	Y A/c Dr.		2,000	
	To Cash A/c			2,000
	(Being cash paid to Y)			
4.	Z A/c Dr.		4,000	
	To Sales A/c			4,000
	(Being sale of goods)			
5.	Cash A/c Dr.		6,000	
	To Z A/c			6,000
	(Being cash received from Z)			
6.	Purchases A/c Dr.		4,000	
	To Y A/c			4,000
	(Being purchase of goods)			
7.	Y A/c Dr.		2,000	
	To Cash A/c			2,000
	(Being cash paid to Y)			
8.	Z A/c Dr.		4,000	
	To Sales A/c			4,000
	(Being sale of goods)			
9.	Cash A/c Dr.		2,000	
	To Z A/c			2,000
	(Being cash received from Z)			

Cash Account

Date	Particulars	Amount	Date	Particulars	Amount
	To Capital A/c	20,000		By Y A/c	2,000
	To Z A/c	6,000		By Y A/c	2,000
	To Z A/c	2,000	Jan 31	By Balance c/d	24,000

		28,000			**28,000**
Feb.1	To Balance b/d	**24,000**			

Capital Account

Date	Particulars	Amount	Date	Particulars	Amount
Jan 31	To Balance c/d	20,000		By Cash A/c	20,000
		20,000			**20,000**
			Feb.1	By Balance b/d	**20,000**

Purchase Account

Date	Particulars	Amount	Date	Particulars	Amount
	To Y A/c	4,000	Jan 31	By Balance c/d	8,000
	To Y A/c	4,000			
		8,000			**8,000**
Feb.1	To Balance b/d	**8,000**			

Y's Account

Date	Particulars	Amount	Date	Particulars	Amount
	To Cash A/c	2,000		By Purchase A/c	4,000
	To Cash A/c	2,000		By Purchase A/c	4,000
Jan 31	To Balance c/d	4,000			
		8,000			**8,000**
			Feb.1	By Balance b/d	**4,000**

Z's Account

Date	Particulars	Amount	Date	Particulars	Amount
	To Sales A/c	4,000		By Cash A/c	6,000
	To Sales A/c	4,000		By Cash A/c	2,000
		8,000			**8,000**

Sales Account

Date	Particulars	Amount	Date	Particulars	Amount
Jan 31	To Balance c/d	8,000		By Z	4,000
				By Z	4,000
		8,000			**8,000**
			Feb.1	By Balance b/d	**8,000**

13. (H & S)

Stationary Account

Date	Particulars	Amount	Date	Particulars	Amount
Jan 1	To Balance b/d	480	Jan 31	By Balance c/d	2,560
Jan 5	To Bank A/c	800			
Jan 15	To Five star Stationary Mart A/c	1,280			
		2,560			**2,560**
Feb 1	To Balance b/d	2,560			

14. (H & S)

1. Ledger is known as principal books of accounts as it provides full information regarding all the transactions pertaining to any individual account. Ledger contains all set of accounts (viz. personal, real and nominal accounts)
2. Rules regarding posting of entries in the ledger:
   - (i) Separate account is opened in ledger book for each account and entries from journal are posted to respective ledger account accordingly.
   - (ii) It is a practice to use words ‘To’ and ‘By’ while posting transactions in the ledger. The word ‘To’ is used in the particular column with the accounts written on the debit side while ‘By’ is used with the accounts written in the particular column of the credit side. These ‘To’ and ‘By’ do not have any meanings but are used to the account debited and credited.
   - (iii) The concerned account debited in the journal should also be debited in the ledger but reference should be of the respective credit account.