

CHAPTER - 4

BASIC ACCOUNTING PROCEDURES

LEDGER AND TRIAL BALANCE

In the Journal, each transaction is dealt with separately. Therefore, it is not possible to know at a glance, the net result of many transactions.

*So, in order to ascertain the net effect of all the transactions relating to a particular account are collected at one place in the **Ledger**.*

A Ledger is a book which contains all the accounts whether personal, real or nominal, which are first entered in journal or special purpose subsidiary books.

The ledger that is normally used in a majority of business concern is a bound note book. This can be preserved for a long time. Its pages are consequently numbered. Each account in the ledger is opened preferably on a separate page.

*The **Advantages** of ledger:*

i. Complete information at a glance:

All the transactions pertaining to an account are collected at one place in the ledger. By looking at the balance of that account, one can understand the collective effect of all such transactions at a glance.

ii. Arithmetical Accuracy

With the help of ledger balances, Trial balance can be prepared to know the arithmetical accuracy of accounts.

iii. Result of Business Operations

It facilitates the preparation of final accounts for ascertaining the operating result and the financial position of the business concern.

iv. Accounting information

The data supplied by various ledger accounts are summarized, analyzed and interpreted for obtaining various accounting information.

Format

| Name of Account | | | | | | | |
|------------------------|---|------------|---------------|--------------|--|------------|---------------|
| <i>Dr.</i> | | | | <i>Cr.</i> | | | |
| <i>Date</i> | <i>Particulars</i> | <i>J.F</i> | <i>Amount</i> | <i>Date</i> | <i>Particulars</i> | <i>J.F</i> | <i>Amount</i> |
| <i>Year</i> | <i>To (Name of Credit Account in Journal)</i> | | | <i>Year</i> | <i>By (Name of Debit account in Journal)</i> | | |
| <i>Month</i> | | | | <i>Month</i> | | | |
| <i>Date</i> | | | | <i>Date</i> | | | |

Explanation:

- i. Each ledger account is divided into two parts. The left hand side is known as the debit side and the right hand side is known as the credit side.*
- ii. The name of the account is mentioned in the top (middle) of the account.*
- iii. The date of the transaction is recorded in the date column.*
- iv. The word 'To' is used before the accounts which appear on the debit side of an account in the particulars column. Similarly, the word 'By' is used before the accounts which appear on the credit side of an account in the particulars column.*
- v. The name of the other account which is affected by the transaction is written either in the debit side or credit side in the particulars column.*
- vi. The page number of the Journal or Subsidiary Book from where that particular entry is transferred, is entered in the Journal Folio (J.F) column.*
- vii. The amount pertaining to this account is entered in the amount column.*

Personal Accounts

Dr. **Ahmad Account** Cr.

| | |
|---|---|
| Debit Ahmad when he receives goods, money or value from the business | Credit Ahmad when he gives goods, money or value to the business |
|---|---|

Real Accounts

Dr. **Machinery Account** Cr.

| | |
|-------------------------|----------------------|
| Debit Purchase of asset | Credit Sale of asset |
|-------------------------|----------------------|

Nominal Accounts

Dr. **Salaries Account** Cr.

| | |
|--------------------------|-------------------------|
| Debit expenses or losses | Credit incomes or gains |
|--------------------------|-------------------------|

Posting

The process of transferring the entries recorded in the journal or subsidiary books to the respective accounts opened in the ledger is called **Posting**. In other words, posting means grouping of all the transactions relating to a particular account at one place. It is necessary to post all the journal entries into various accounts in the ledger because posting helps us to know the net effect of various transactions during a given period on a particular account.

Procedure of posting***1. Procedure of posting for an Account which has been DEBITED in the journal entry.***

Step 1. Locate in the ledger, the account to be debited and enter the date of the transaction in the date column on the debit side.

Step 2. Record the name of the account credited in the Journal in the particulars column on the debit side as "To..... (Name of the account credited)".

Step 3. Record the page number of the Journal in the J.F column on the debit side and in the Journal, write the page number of the ledger on which a particular account appears in the L.F. column.

Step 4. Enter the relevant amount in the amount column on the debit side.

II. Procedure of posting for an Account which has been CREDITED in the journal entry.

Step 1. *Locate in the ledger the account to be credited and enter the date of the transaction in the date column on the credit side.*

Step 2. *Record the name of the account debited in the Journal in the particulars column on the credit side as “By..... (Name of the account debited)”*

Step 3. *Record the page number of the Journal in the J.F column on the credit side and in the Journal, write the page number of the ledger on which a particular account appears in the L.F. column.*

Step 4. *Enter the relevant amount in the amount column on the credit side.*

Illustration.1

From the following transactions prepare journal entries and post them into ledger.

| Date | Particulars | Amount |
|-------------|---|---------------|
| 2015 | | |
| Feb.01 | Business started with cash | 80,000 |
| 02 | Purchased goods for cash | 60,000 |
| 03 | Purchased goods from Adel | 20,000 |
| 04 | Goods sold for cash | 25,000 |
| 05 | Sold to Osman | 8,000 |
| 06 | Cash deposited into Rajhi Bank | 20,000 |
| 10 | Paid carriage | 500 |
| 13 | Paid rent | 700 |
| 15 | Paid for advertisement | 1,000 |
| 19 | Commission received | 400 |
| 26 | Machinery purchased | 6,000 |
| 28 | Furniture purchased | 3,000 |
| 28 | Cash withdrawn from Rajhi Bank for personal use | 800 |
| 28 | Goods destroyed by fire | 900 |

Solution:

Journal Entries in the book of _____ for the month of _____

| Date | Particulars | L.F. | Amount-Dr. | Amount-Cr. |
|-------------|--------------------|-------------|-------------------|-------------------|
| | | | | |
| | | | | |

| | | | | |
|--|--|--|--|--|
| | | | | |
|--|--|--|--|--|

| | | | | |
|--|--|--|--|--|
| | | | | |
|--|--|--|--|--|

Ledger

Cash Account

| <i>Date</i> | <i>Particulars</i> | <i>J.F.</i> | <i>Amount</i> | <i>Date</i> | <i>Particulars</i> | <i>J. F .</i> | <i>Amount</i> |
|-------------|--------------------|-------------|---------------|-------------|--------------------|-----------------------|---------------|
| 2015.Feb.01 | To Capital a/c | | 80,000 | 2015.Feb.02 | By Purchase a/c | | 60,000 |
| Feb.04 | | | | Feb.06 | By Rajhi Bank a/c | | 20,000 |
| Feb.19 | | | | Feb.10 | | | 500 |
| | | | _____ | | | | _____ |

Capital Account

| <i>Date</i> | <i>Particulars</i> | <i>J.F.</i> | <i>Amount</i> | <i>Date</i> | <i>Particulars</i> | <i>J.F.</i> | <i>Amount</i> |
|-------------|--------------------|-------------|---------------|-------------|--------------------|-------------|---------------|
| 2015 Feb.28 | | | | 2015 Feb.01 | | | |

Purchase Account

| <i>Date</i> | <i>Particulars</i> | <i>J.F.</i> | <i>Amount</i> | <i>Date</i> | <i>Particulars</i> | <i>J.F.</i> | <i>Amount</i> |
|-------------|--------------------|-------------|---------------|-------------|--------------------|-------------|---------------|
| 2015 Feb.02 | | | | 2015 Feb.28 | | | |
| 2015 Feb.03 | | | | | | | |
| | | | 80,000 | | | | 80,000 |

Adel's Account

| <i>Date</i> | <i>Particulars</i> | <i>J.F.</i> | <i>Amount</i> | <i>Date</i> | <i>Particulars</i> | <i>J.F.</i> | <i>Amount</i> |
|-------------|--------------------|-------------|---------------|-------------|--------------------|-------------|---------------|
| 2015 Feb.28 | | | | 2015 Feb.03 | | | |

Sales Account

| <i>Date</i> | <i>Particulars</i> | <i>J.F.</i> | <i>Amount</i> | <i>Date</i> | <i>Particulars</i> | <i>J.F.</i> | <i>Amount</i> |
|-------------|--------------------|-------------|---------------|-------------|--------------------|-------------|---------------|
| | | | | | | | |

Osman's Account

| <i>Date</i> | <i>Particulars</i> | <i>J.F.</i> | <i>Amount</i> | <i>Date</i> | <i>Particulars</i> | <i>J.F.</i> | <i>Amount</i> |
|-------------|--------------------|-------------|---------------|-------------|--------------------|-------------|---------------|
| | | | | | | | |

Rajhi Bank Account

| <i>Date</i> | <i>Particulars</i> | <i>J.F.</i> | <i>Amount</i> | <i>Date</i> | <i>Particulars</i> | <i>J.F.</i> | <i>Amount</i> |
|-------------|--------------------|-------------|---------------|-------------|--------------------|-------------|---------------|
| | | | | | | | |

Carriage Account

| <i>Date</i> | <i>Particulars</i> | <i>J.F.</i> | <i>Amount</i> | <i>Date</i> | <i>Particulars</i> | <i>J.F.</i> | <i>Amount</i> |
|-------------|--------------------|-------------|---------------|-------------|--------------------|-------------|---------------|
| | | | | | | | |

Rent Account

| <i>Date</i> | <i>Particulars</i> | <i>J.F.</i> | <i>Amount</i> | <i>Date</i> | <i>Particulars</i> | <i>J.F.</i> | <i>Amount</i> |
|-------------|--------------------|-------------|---------------|-------------|--------------------|-------------|---------------|
| | | | | | | | |

Advertisement Account

| <i>Date</i> | <i>Particulars</i> | <i>J.F.</i> | <i>Amount</i> | <i>Date</i> | <i>Particulars</i> | <i>J.F.</i> | <i>Amount</i> |
|-------------|--------------------|-------------|---------------|-------------|--------------------|-------------|---------------|
| | | | | | | | |

Commission Account

| <i>Date</i> | <i>Particulars</i> | <i>J.F.</i> | <i>Amount</i> | <i>Date</i> | <i>Particulars</i> | <i>J.F.</i> | <i>Amount</i> |
|-------------|--------------------|-------------|---------------|-------------|--------------------|-------------|---------------|
| | | | | | | | |

Machine Account

| <i>Date</i> | <i>Particulars</i> | <i>J.F.</i> | <i>Amount</i> | <i>Date</i> | <i>Particulars</i> | <i>J.F.</i> | <i>Amount</i> |
|-------------|--------------------|-------------|---------------|-------------|--------------------|-------------|---------------|
| | | | | | | | |

Furniture Account

| <i>Date</i> | <i>Particulars</i> | <i>J.F.</i> | <i>Amount</i> | <i>Date</i> | <i>Particulars</i> | <i>J.F.</i> | <i>Amount</i> |
|-------------|--------------------|-------------|---------------|-------------|--------------------|-------------|---------------|
| | | | | | | | |

Drawing Account

| <i>Date</i> | <i>Particulars</i> | <i>J.F.</i> | <i>Amount</i> | <i>Date</i> | <i>Particulars</i> | <i>J.F.</i> | <i>Amount</i> |
|-------------|--------------------|-------------|---------------|-------------|--------------------|-------------|---------------|
| | | | | | | | |

Loss by Fire Account

| <i>Date</i> | <i>Particulars</i> | <i>J.F.</i> | <i>Amount</i> | <i>Date</i> | <i>Particulars</i> | <i>J.F.</i> | <i>Amount</i> |
|-------------|--------------------|-------------|---------------|-------------|--------------------|-------------|---------------|
| | | | | | | | |

Posting the Opening Entry

*The opening entry is passed to open the books of accounts for the new financial year. The debit or credit balance of an account what we get at the end of the accounting period is known as closing balance of that account. This **closing balance becomes the opening balance in the next accounting year.***

*The procedure of posting an opening entry is same as in the case of an ordinary journal entry. An account which has a **debit balance**, the words '**To balance b/d**' are recorded on the debit side in the particulars column. An account which has a **credit balance**, the words "**By balance b/d**" are recorded in the particulars column on the credit side. In fact, opening entry is not actually posted but the accounts are merely incorporated in the ledger, if the ledger is a new one or old.*

Illustration 2

Post the opening entry into the ledger of Fahad Co. as on 1st Feb. 2017, cash in hand SR. 10,000; Loan SR. 100,000.

Solution:**In the Books of Fahad****Cash Account**

Dr.

Cr.

| Date | Particulars | J.F. | Amount | Date | Particulars | J.F. | Amount |
|-------------|-------------|------|--------|------|-------------|------|--------|
| 2017 Feb.01 | | | 10,000 | | | | |

Loan Account

Dr.

Cr.

| Date | Particulars | J.F. | Amount | Date | Particulars | J.F. | Amount |
|-------------|-------------|------|--------|------|-------------|------|--------|
| 2017 Feb.01 | | | | | | | |

Balancing an Account

Balance is the difference between the total debits and the total credits of an account. When posting is done, many accounts may have entries on their debit side as well as credit side.

The net result of such debits and credits in an account is the balance.

Balancing means the writing of the difference between the amount columns of the two sides in the lighter (smaller total) side, so that the grand totals of the two sides become equal.

Significance of balancing

There are three possibilities while balancing an account during a given period. It may be a debit balance or a credit balance or a nil balance depending upon the debit total and the credit total.

Cash Account

| Date | Particulars | J.F. | Amount | Date | Particulars | J.F. | Amount |
|--------------|-----------------------|------|---------------|-------------|-----------------|------|---------------|
| 2017 Feb.01 | To Sales A/c | | 15,000 | 2017 Feb.15 | By Purchase A/c | | 8,000 |
| Feb.20 | To Farhan's A/c | | 4,000 | Feb.25 | By Salary A/c | | 2,500 |
| | | | | Feb.28 | By Balance c/d | | 8,500 |
| | | | <u>19,000</u> | | | | <u>19,000</u> |
| Mar.1 | To Balance b/d | | 8,500 | | | | |

Capital Account

| Date | Particulars | J.F. | Amount | Date | Particulars | J.F. | Amount |
|-------------|----------------|------|---------------|-------------|-----------------------|------|---------------|
| 2015 Feb.28 | To Balance c/d | | 80,000 | 2015 Feb.01 | By Cash a/c | | 80,000 |
| | | | <u>80,000</u> | | | | <u>80,000</u> |
| | | | | 2015 Mar.1 | By Balance b/d | | 80,000 |

Nawaz Account

| Date | Particulars | J.F. | Amount | Date | Particulars | J.F. | Amount |
|--------------|--------------|------|---------------|--------------|-------------|------|---------------|
| 2015 April.5 | To Sales a/c | | 90,000 | 2015 April30 | By Cash a/c | | 90,000 |
| | | | <u>90,000</u> | | | | <u>90,000</u> |

Procedure for Balancing

While balancing an account, the following steps are involved:

Step 1. Total the amount column of the debit side and the credit side separately and then ascertain the difference of both the columns.

Step 2. If the debit side total exceeds the credit side total, put such difference on the amount column of the credit side, write the date on which balancing is being done in the date column and the words "**By Balance c/d**" (c/d means carried down) in the particulars column.

OR

If the credit side total exceeds the debit side total, put such difference on the amount column of the debit side, write the date on which balancing is being done in the date column and the words "**To Balance c/d**" in the particulars column.

Step 3 Total again both the amount columns, put the total on both the sides and draw a line above and a line below the totals.

Step 4 Enter the date of the beginning of the next period in the date column and bring down the debit balance on the debit side along with the words "**To Balance b/d**" (**b/d** means brought down) in the particulars column and the credit balance on the credit side along with the words "**By balance b/d**" in the particulars column.

Trial Balance

As so far you have learnt how to record and classify the transactions in the various accounts along with balancing thereof. The next step in the accounting process is to prepare a statement to check the arithmetical accuracy of the transactions recorded so far. This statement is called '**Trial Balance**'.

Trial balance is a statement which shows debit balances and credit balances of all accounts in the ledger. Since, every debit should have a corresponding credit as per the rules of double entry system, the total of the debit balances and credit balances should tally (agree). In case, there is a difference, one has to check the correctness of the balances brought forward from the respective accounts. Trial balance can be prepared in any date provided accounts are balanced.

Definition

"**Trial balance** is a statement, prepared with the debit and credit balances of ledger accounts to test the arithmetical accuracy of the books" – **J.R. Batliboi**.

Methods

A trial balance can be prepared in the following methods.

- i. **The Total Method:** According to this method, the total amount of the debit side of the ledger accounts and the total amount of the credit side of the ledger accounts are recorded.
- ii. **The Balance Method :** In this method, only the balances of an account either debit or credit, as the case may be, are recorded against their respective accounts.

The balance method is more widely used, as it supplies ready figures for preparing the final accounts.

Format

*Trial Balance of ABC Ltd.
as on.....*

| Sl.No | Name of Account | L.F. | Debit Balance | Credit Balance |
|-------|-----------------|------|---------------|----------------|
| | Total | | <hr/> | <hr/> |

Sundry Debtors and Sundry Creditors

In the ledger there are many personal accounts, some of them may show debit balances, some others may show credit balances. If all the names are to be written in the trial balance it will be unduly long.

*Therefore, a list of names with the debit balances is prepared. This list is known as '**Sundry Debtors**' (Sundry means 'many'). Similarly, a list of names with the credit balances is prepared. This list is known as '**Sundry Creditors**'.*

| Sl.No. | Name of Account | L.F. | Debit Balance | Credit Balance |
|--------|--|------|---------------|----------------|
| 1 | Capital (Cr.) | | | - |
| 2 | Drawings | | - | |
| 3 | Sales (Cr.) | | | - |
| 4 | Sales return (Return Inwards) | | - | |
| 5 | Purchases | | - | |
| 6 | Purchases return (Return Outwards) (Cr.) | | | - |
| 7 | Expenses | | - | |
| 7 | Incomes | | | - |
| 8 | Carriage Inwards | | - | |

| | | | | |
|----|---------------------------------------|--|-------|-------|
| 9 | <i>Carriage Outwards</i> | | - | |
| 10 | <i>Bad Debts</i> | | - | |
| 11 | <i>Trade Expenses</i> | | - | |
| 12 | <i>Insurance</i> | | - | |
| 13 | <i>Rent, Rates & Taxes</i> | | - | |
| 14 | <i>Traveling Expenses</i> | | - | |
| 15 | <i>Discount Received (Cr.)</i> | | | - |
| 16 | <i>Discount Allowed</i> | | - | |
| 17 | <i>Loan taken (Cr.)</i> | | | - |
| 18 | <i>Stock (Opening)</i> | | - | |
| 19 | <i>Interest Paid</i> | | - | |
| 20 | <i>Loan Given</i> | | - | |
| 21 | <i>Interest received (Cr.)</i> | | | - |
| 22 | <i>Suppliers (Creditors) (Cr.)</i> | | | - |
| 23 | <i>Investment</i> | | - | |
| 24 | <i>Goodwill</i> | | - | |
| 25 | <i>Cash</i> | | - | |
| 26 | <i>Patents</i> | | - | |
| 27 | <i>Machinery</i> | | - | |
| 28 | <i>Furniture & Fixture</i> | | - | |
| 29 | <i>Plant</i> | | - | |
| 30 | <i>Land</i> | | - | |
| 31 | <i>Building</i> | | - | |
| 32 | <i>Debtors</i> | | - | |
| 33 | <i>Bills Receivables</i> | | - | |
| 34 | <i>Bills Payables (Cr.)</i> | | | - |
| 35 | <i>Bank Overdraft (Cr.)</i> | | | - |
| 36 | <i>Printing & Stationery Exp.</i> | | - | |
| 37 | <i>Wages</i> | | - | |
| 38 | <i>Salaries</i> | | - | |
| 39 | <i>Advertisement</i> | | - | |
| 40 | <i>Motor Car Exp.</i> | | - | |
| 41 | <i>Cash at Bank</i> | | | |
| 42 | <i>Note Payable (Cr.)</i> | | | - |
| 43 | <i>Account Payable (Cr.)</i> | | | - |
| 44 | <i>Outstanding Expenses (Cr.)</i> | | | - |
| 45 | <i>Prepaid Expenses</i> | | - | |
| | Total. | | <hr/> | <hr/> |

Debit Balance: *All assets (Tangible, Intangible, and Current & Fixed)*
 All losses & Expenses

Credit Balance: *All gains and Incomes*

Personal Account may Debit or Credit Balance as case may be.

Illustration 3

Prepare a Trial Balance from the following items:

| <i>Particulars</i> | <i>Totals</i> |
|--------------------------------|------------------|
| <i>Capital</i> | <i>763,050</i> |
| <i>Furniture & Fixture</i> | <i>40,000</i> |
| <i>Land & Building</i> | <i>403,000</i> |
| <i>Plant & Machinery</i> | <i>200,000</i> |
| <i>Drawings</i> | <i>60,000</i> |
| <i>Patents</i> | <i>20,000</i> |
| <i>Stock</i> | <i>400,000</i> |
| <i>Purchases</i> | <i>950,000</i> |
| <i>Wages</i> | <i>50,000</i> |
| <i>Salaries</i> | <i>72,000</i> |
| <i>Sundry Debtors</i> | <i>350,000</i> |
| <i>Sales</i> | <i>1,320,000</i> |
| <i>Sales Returns</i> | <i>61,000</i> |
| <i>Purchases Returns</i> | <i>10,000</i> |
| <i>Loan from Ammar</i> | <i>400,000</i> |
| <i>Rent, Rates & Taxes</i> | <i>48,000</i> |
| <i>Bad Debts</i> | <i>4,000</i> |
| <i>Sundry Creditors</i> | <i>224,000</i> |
| <i>Discount received</i> | <i>9,000</i> |
| <i>Trade Expenses</i> | <i>700</i> |
| <i>Interest on Loan</i> | <i>4,500</i> |
| <i>Insurance</i> | <i>6,500</i> |
| <i>Traveling Expenses</i> | <i>3,000</i> |
| <i>Cash in Hand</i> | <i>2,100</i> |
| <i>Cash at Bank</i> | <i>51,250</i> |

The Solution is at the NEXT page

Solution.

Trial Balance as on _____

| <i>Serial No.</i> | <i>Name of Account</i> | | <i>Amount</i> | <i>Amount</i> |
|-------------------|--------------------------------|--|---------------|---------------|
| 1 | <i>Capital</i> | | | |
| 2 | <i>Furniture & Fixture</i> | | | |
| 3 | <i>Land & Building</i> | | | |
| 4 | <i>Plant & Machinery</i> | | | |
| 5 | <i>Drawings</i> | | | |
| 6 | <i>Patents</i> | | | |
| 7 | <i>Stock</i> | | | |
| 8 | <i>Purchases</i> | | | |
| 9 | <i>Wages</i> | | | |
| 10 | <i>Salaries</i> | | | |
| 11 | <i>Sundry Debtors</i> | | | |
| 12 | <i>Sales</i> | | | |
| 13 | <i>Sales Returns</i> | | | |
| 14 | <i>Purchases Returns</i> | | | |
| 15 | <i>Loan from Ammar</i> | | | |
| 16 | <i>Rent, Rates & Taxes</i> | | | |
| 17 | <i>Bad Debts</i> | | | |
| 18 | <i>Sundry Creditors</i> | | | |
| 19 | <i>Discount received</i> | | | |
| 20 | <i>Trade Expenses</i> | | | |
| 21 | <i>Interest on Loan</i> | | | |
| 22 | <i>Insurance</i> | | | |
| 23 | <i>Traveling Expenses</i> | | | |
| 24 | <i>Cash in Hand</i> | | | |
| 25 | <i>Cash at Bank</i> | | | |
| | TOTAL | | | |

Illustration 4

From the following details prepare the trial balance as at 31 July 2009

| Name of account | Amount (SR) |
|---------------------------|--------------------|
| Bank | 990 |
| Capital introduced | 2000 |
| Motor vehicles | 800 |
| Motor expense | 180 |
| Purchase | 250 |
| A. Brown (trade payable) | 60 |
| Sales revenue | 450 |
| B.Green(trade receivable) | 135 |
| Purchases returns | 50 |
| Sales returns | 75 |
| Carriage outwards | 20 |
| Telephone and postage | 65 |
| Heat and light | 45 |

Solution.**Trial Balance as at 31 July 2009**

| Name of account | L.F. | Amount (DR) | Amount (CR) |
|---------------------------|-------------|--------------------|--------------------|
| Bank | | | |
| Capital introduced | | | |
| Motor vehicles | | | |
| Motor expense | | | |
| Purchase | | | |
| A.Brown (trade payable) | | | |
| Sales revenue | | | |
| B.Green(trade receivable) | | | |
| Purchases returns | | | |
| Sales returns | | | |
| Carriage outwards | | | |
| Telephone and postage | | | |
| Heat and light | | | |
| Total | | | |

Illustration 5

The following is the list of the balances appearing in the general ledger of T. Wall at 30 September 2010. You are required to prepare a trial balance.

| Name of account | Amount (SR) |
|-----------------------------|--------------------|
| <i>Capital</i> | <i>32,890</i> |
| <i>Drawings</i> | <i>5,200</i> |
| <i>Loan from M. Head</i> | <i>10,000</i> |
| <i>Cash</i> | <i>510</i> |
| <i>Bank overdraft</i> | <i>1,720</i> |
| <i>Sales revenue</i> | <i>45,600</i> |
| <i>Purchases</i> | <i>29,300</i> |
| <i>Returns inwards</i> | <i>3,800</i> |
| <i>Returns outwards</i> | <i>2,700</i> |
| <i>Carriage inwards</i> | <i>960</i> |
| <i>Carriage outwards</i> | <i>820</i> |
| <i>Trade receivables</i> | <i>7,390</i> |
| <i>Trade payables</i> | <i>4,620</i> |
| <i>Land and buildings</i> | <i>26,000</i> |
| <i>Plant and machinery</i> | <i>13,500</i> |
| <i>Listed investments</i> | <i>4,800</i> |
| <i>Interest paid</i> | <i>1,200</i> |
| <i>Interest received</i> | <i>450</i> |
| <i>Rent received</i> | <i>630</i> |
| <i>Salaries</i> | <i>3,720</i> |
| <i>Repairs to buildings</i> | <i>810</i> |
| <i>Plant hire charges</i> | <i>360</i> |
| <i>Bank charges</i> | <i>240</i> |

Solution.**Trial Balance as at 30 September 2010**

| Name of account | Amount (DR) | Amount (CR) |
|-----------------------------|--------------------|--------------------|
| <i>Capital</i> | | |
| <i>Drawings</i> | | |
| <i>Loan from M. Head</i> | | |
| <i>Cash</i> | | |
| <i>Bank overdraft</i> | | |
| <i>Sales revenue</i> | | |
| <i>Purchases</i> | | |
| <i>Returns inwards</i> | | |
| <i>Returns outwards</i> | | |
| <i>Carriage inwards</i> | | |
| <i>Carriage outwards</i> | | |
| <i>Trade receivables</i> | | |
| <i>Trade payables</i> | | |
| <i>Land and buildings</i> | | |
| <i>Plant and machinery</i> | | |
| <i>Listed investments</i> | | |
| <i>Interest paid</i> | | |
| <i>Interest received</i> | | |
| <i>Rent received</i> | | |
| <i>Salaries</i> | | |
| <i>Repairs to buildings</i> | | |
| <i>Plant hire charges</i> | | |
| <i>Bank charges</i> | | |
| Total | | |

Illustration 6

The following is the list of the balances appearing in the ledger of C. Rick at 31 May 2011. Prepare a trial balance.

| Name of account | Amount (SR) |
|--------------------------------|--------------------|
| <i>Cash at bank</i> | <i>2,368</i> |
| <i>Purchases</i> | <i>12,389</i> |
| <i>Sales revenue</i> | <i>18,922</i> |
| <i>Wages and salaries</i> | <i>3,862</i> |
| <i>Rent and rates</i> | <i>504</i> |
| <i>Insurance</i> | <i>78</i> |
| <i>Motor expenses</i> | <i>664</i> |
| <i>Printing and stationary</i> | <i>216</i> |
| <i>Light and heat</i> | <i>166</i> |
| <i>General expenses</i> | <i>314</i> |
| <i>Premises</i> | <i>10,000</i> |
| <i>Motor vehicles</i> | <i>3,800</i> |
| <i>Fixtures and fittings</i> | <i>1,350</i> |
| <i>Trade receivables</i> | <i>3,896</i> |
| <i>Trade payables</i> | <i>1,731</i> |
| <i>Cash in hand</i> | <i>482</i> |
| <i>Drawings</i> | <i>1,200</i> |
| <i>Capital</i> | <i>12,636</i> |
| <i>Bank loan</i> | <i>8,000</i> |

Solution.**Trial Balance as at 31 May 2011**

| <i>Name of account</i> | <i>Amount (DR)</i> | <i>Amount (CR)</i> |
|--------------------------------|--------------------|--------------------|
| <i>Cash at bank</i> | | |
| <i>Purchases</i> | | |
| <i>Sales revenue</i> | | |
| <i>Wages and salaries</i> | | |
| <i>Rent and rates</i> | | |
| <i>Insurance</i> | | |
| <i>Motor expenses</i> | | |
| <i>Printing and stationary</i> | | |
| <i>Light and heat</i> | | |
| <i>General expenses</i> | | |
| <i>Premises</i> | | |
| <i>Motor vehicles</i> | | |
| <i>Fixtures and fittings</i> | | |
| <i>Trade receivables</i> | | |
| <i>Trade payables</i> | | |
| <i>Cash in hand</i> | | |
| <i>Drawings</i> | | |
| <i>Capital</i> | | |
| <i>Bank loan</i> | | |
| Total | | |

Illustration 7

The following is the list of the balances in the general ledger of R.Keith at 30 June 2012.
Prepare a Trial balance.

| Name of account | Amount (SR) |
|-------------------------|--------------------|
| Capital | 39,980 |
| Drawings | 14,760 |
| Loan-Bromsgrove Bank | 20,000 |
| Leasehold premises | 52,500 |
| Motor vehicles | 13,650 |
| Investment | 4,980 |
| Trade receivables | 2,630 |
| Trade payables | 1,910 |
| Cash | 460 |
| Bank overdraft | 3,620 |
| Sales revenue | 81,640 |
| Purchases | 49,870 |
| Returns outwards | 960 |
| Returns inwards | 840 |
| Carriage | 390 |
| Wages and salaries | 5,610 |
| Rent and rates | 1,420 |
| Light and heat | 710 |
| Telephone and postage | 540 |
| Printing and Stationary | 230 |
| Bank interest | 140 |
| Interest received | 620 |

Solution.**Trial Balance as at 30 June 2012**

| Name of account | Amount (DR) | Amount (CR) |
|--------------------------------|--------------------|--------------------|
| <i>Capital</i> | | |
| <i>Drawings</i> | | |
| <i>Loan-Bromsgrove Bank</i> | | |
| <i>Leasehold premises</i> | | |
| <i>Motor vehicles</i> | | |
| <i>Investment</i> | | |
| <i>Trade receivables</i> | | |
| <i>Trade payables</i> | | |
| <i>Cash</i> | | |
| <i>Bank overdraft</i> | | |
| <i>Sales revenue</i> | | |
| <i>Purchases</i> | | |
| <i>Returns outwards</i> | | |
| <i>Returns inwards</i> | | |
| <i>Carriage</i> | | |
| <i>Wages and salaries</i> | | |
| <i>Rent and rates</i> | | |
| <i>Light and heat</i> | | |
| <i>Telephone and postage</i> | | |
| <i>Printing and Stationary</i> | | |
| <i>Bank interest</i> | | |
| <i>Interest received</i> | | |
| Total | | |

Illustration 8

The following is the list of the balances in the general ledger of J. McKee at 30 June 2011. Prepare a Trial balance.

| Name of account | Amount (SR,000) |
|--------------------------------|------------------------|
| <i>Drawings</i> | 50 |
| <i>Loan-Mainstreet Bank</i> | 500 |
| <i>Freehold premises</i> | 1,000 |
| <i>Vans</i> | 250 |
| <i>Fixtures and fittings</i> | 35 |
| <i>Trade receivables</i> | 650 |
| <i>Sundry tools</i> | 20 |
| <i>Capital</i> | 551 |
| <i>Trade payables</i> | 500 |
| <i>Cash</i> | 2 |
| <i>Bank overdraft</i> | 56 |
| <i>Deposit account</i> | 100 |
| <i>Sales revenue</i> | 3,300 |
| <i>Purchases</i> | 1,800 |
| <i>Returns outwards</i> | 150 |
| <i>Returns inwards</i> | 100 |
| <i>Carriage inwards</i> | 80 |
| <i>Carriage outwards</i> | 10 |
| <i>Wages and salaries</i> | 850 |
| <i>Rent and rates</i> | 58 |
| <i>Light and heat</i> | 45 |
| <i>Telephone and postages</i> | 18 |
| <i>Printing and stationery</i> | 25 |
| <i>Bank interest</i> | 5 |
| <i>Interest received</i> | 6 |
| <i>Rent received</i> | 23 |
| <i>Commission received</i> | 12 |

Solution.**Trial Balance as at 30 June 2011**

| Name of account | Amount (DR) | Amount (CR) |
|--------------------------------|--------------------|--------------------|
| <i>Drawings</i> | | |
| <i>Loan-Mainstreet Bank</i> | | |
| <i>Freehold premises</i> | | |
| <i>Vans</i> | | |
| <i>Fixtures and fittings</i> | | |
| <i>Trade receivables</i> | | |
| <i>Sundry tools</i> | | |
| <i>Capital</i> | | |
| <i>Trade payables</i> | | |
| <i>Cash</i> | | |
| <i>Bank overdraft</i> | | |
| <i>Deposit account</i> | | |
| <i>Sales revenue</i> | | |
| <i>Purchases</i> | | |
| <i>Returns outwards</i> | | |
| <i>Returns inwards</i> | | |
| <i>Carriage inwards</i> | | |
| <i>Carriage outwards</i> | | |
| <i>Wages and salaries</i> | | |
| <i>Rent and rates</i> | | |
| <i>Light and heat</i> | | |
| <i>Telephone and postages</i> | | |
| <i>Printing and stationery</i> | | |
| <i>Bank interest</i> | | |
| <i>Interest received</i> | | |
| <i>Rent received</i> | | |
| <i>Commission received</i> | | |
| Total | | |

Illustration 9

The following is the list of the balances of accounts of B.Good as at 31st March 2012. Draw up a trial balance.

| Name of account | Amount (SR) |
|----------------------------|--------------------|
| <i>Sundry expenses</i> | <i>1,090</i> |
| <i>Rent received</i> | <i>200</i> |
| <i>Office expenses</i> | <i>560</i> |
| <i>Insurance</i> | <i>525</i> |
| <i>Wages and expenses</i> | <i>4,580</i> |
| <i>Telephone</i> | <i>1,250</i> |
| <i>Purchases</i> | <i>125,560</i> |
| <i>Sales revenues</i> | <i>189,560</i> |
| <i>Motor expenses</i> | <i>569</i> |
| <i>Rent</i> | <i>2,500</i> |
| <i>Rates</i> | <i>1,250</i> |
| <i>Carriage outwards</i> | <i>546</i> |
| <i>Carriage inwards</i> | <i>200</i> |
| <i>Returns outwards</i> | <i>302</i> |
| <i>Returns inwards</i> | <i>560</i> |
| <i>Building</i> | <i>230,000</i> |
| <i>Motor vehicle</i> | <i>12,500</i> |
| <i>Fixtures</i> | <i>5,365</i> |
| <i>Trade receivables</i> | <i>28,560</i> |
| <i>Trade payables</i> | <i>48,560</i> |
| <i>Cash</i> | <i>12</i> |
| <i>Bank</i> | <i>32,250</i> |
| <i>Drawings</i> | <i>5,562</i> |
| <i>Capital</i> | <i>178,907</i> |
| <i>Opening inventories</i> | <i>28,590</i> |

Solution.**Trial Balance as at 31 March 2012**

| Name of account | Amount (DR) | Amount (CR) |
|----------------------------|--------------------|--------------------|
| <i>Sundry expenses</i> | | |
| <i>Rent received</i> | | |
| <i>Office expenses</i> | | |
| <i>Insurance</i> | | |
| <i>Wages and expenses</i> | | |
| <i>Telephone</i> | | |
| <i>Purchases</i> | | |
| <i>Sales revenues</i> | | |
| <i>Motor expenses</i> | | |
| <i>Rent</i> | | |
| <i>Rates</i> | | |
| <i>Carriage outwards</i> | | |
| <i>Carriage inwards</i> | | |
| <i>Returns outwards</i> | | |
| <i>Returns inwards</i> | | |
| <i>Building</i> | | |
| <i>Motor vehicle</i> | | |
| <i>Fixtures</i> | | |
| <i>Trade receivables</i> | | |
| <i>Trade payables</i> | | |
| <i>Cash</i> | | |
| <i>Bank</i> | | |
| <i>Drawings</i> | | |
| <i>Capital</i> | | |
| <i>Opening inventories</i> | | |
| Total | | |

Illustration 10

Prepare a trial balance of Sulphur Products from the given information as at 30 September 2012.

| Name of account | Amount (SR) |
|------------------------------|--------------------|
| Capital | 99,000 |
| Drawings | 9,000 |
| Vehicles | 60,000 |
| Trade payables | 47,000 |
| Trade receivables | 37,000 |
| Inventories(1 October 2011) | 12,000 |
| Rent | 15,400 |
| Telephone | 1,800 |
| Postage | 300 |
| Electricity | 2,100 |
| Bank | 22,000 |
| Returns inwards | 4,000 |
| Returns outwards | 2,500 |
| Provision for doubtful debts | 900 |
| Purchases | 213,000 |
| Sales revenue | 370,000 |
| Plant and equipment | 147,000 |
| Discount received | 6,000 |
| Bank charges | 1,800 |

Solution.**Trial Balance as at 31 September 2012**

| Name of account | Amount (DR) | Amount (CR) |
|-------------------------------------|--------------------|--------------------|
| <i>Capital</i> | | |
| <i>Drawings</i> | | |
| <i>Vehicles</i> | | |
| <i>Trade payables</i> | | |
| <i>Trade receivables</i> | | |
| <i>Inventories(1 October2011)</i> | | |
| <i>Rent</i> | | |
| <i>Telephone</i> | | |
| <i>Postage</i> | | |
| <i>Electricity</i> | | |
| <i>Bank</i> | | |
| <i>Returns inwards</i> | | |
| <i>Returns outwards</i> | | |
| <i>Provision for doubtful debts</i> | | |
| <i>Purchases</i> | | |
| <i>Sales revenue</i> | | |
| <i>Plant and equipment</i> | | |
| <i>Discount received</i> | | |
| <i>Bank charges</i> | | |
| Total | | |

Illustration 11

Prepare a trial balance of C. Jones as at 31st December 2009

| Name of account | Amount (SR) |
|--|--------------------|
| Owner's capital | 45,214 |
| Drawings | 9,502 |
| Purchases | 389,072 |
| Sales revenue | 527,350 |
| Wages and salaries | 33,440 |
| Rent and rates | 9,860 |
| Light and heat | 4,142 |
| Bad debts | 1,884 |
| Provision for doubtful debts | 3,702 |
| Trade receivables | 72,300 |
| Trade payables | 34,308 |
| Cash at bank | 2,816 |
| Cash in hand | 334 |
| Inventories | 82,124 |
| Motor car | 7,200 |
| Provision of depreciation on Motor Car | 2,100 |

Solution.**Trial Balance as at 31 December 2009**

| Name of account | Amount (DR) | Amount (CR) |
|--|--------------------|--------------------|
| Owner's capital | | |
| Drawings | | |
| Purchases | | |
| Sales revenue | | |
| Wages and salaries | | |
| Rent and rates | | |
| Light and heat | | |
| Bad debts | | |
| Provision for doubtful debts | | |
| Trade receivables | | |
| Trade payables | | |
| Cash at bank | | |
| Cash in hand | | |
| Inventories | | |
| Motor car | | |
| Provision of depreciation on Motor Car | | |
| Total | | |

Illustration 12.

The following balances have been extracted from the book of J. Clark as at 31st March 2011.
Prepare a trial balance.

| Name of account | Amount (SR) |
|--|--------------------|
| Capital | 60,000 |
| Drawings | 5,600 |
| Purchases | 34,260 |
| Sales revenue | 58,640 |
| Returns inwards | 3,260 |
| Returns outwards | 2,140 |
| Carriage inwards | 730 |
| Carriage outwards | 420 |
| Discount allowed | 1,480 |
| Discount received | 1,970 |
| Plant and Machinery at cost | 11,350 |
| Provision for depreciation on plant | 4,150 |
| Motor vehicles | 13,290 |
| Provision for depreciation on vehicles | 2,790 |
| Goodwill | 5,000 |
| Investments | 6,470 |
| Freehold premises at cost | 32,000 |
| Mortgage on premises | 10,000 |
| Interest paid | 1,000 |
| Interest received | 460 |
| Inventories | 4,670 |
| Bank and cash | 2,850 |
| Salaries | 7,180 |
| Rent and rates | 4,300 |
| Provision for bad debts | 530 |
| Trade receivable | 8,070 |
| Trade payables | 4,340 |
| Light and heat | 2,640 |
| Stationery | 450 |

Solution.**Trial Balance as at 31 March 2011**

| Name of account | Amount (DR) | Amount (CR) |
|---|--------------------|--------------------|
| <i>Capital</i> | | |
| <i>Drawings</i> | | |
| <i>Purchases</i> | | |
| <i>Sales revenue</i> | | |
| <i>Returns inwards</i> | | |
| <i>Returns outwards</i> | | |
| <i>Carriage inwards</i> | | |
| <i>Carriage outwards</i> | | |
| <i>Discount allowed</i> | | |
| <i>Discount received</i> | | |
| <i>Plant and Machinery at cost</i> | | |
| <i>Provision for depreciation on plant</i> | | |
| <i>Motor vehicles</i> | | |
| <i>Provision for depreciation on vehicles</i> | | |
| <i>Goodwill</i> | | |
| <i>Investments</i> | | |
| <i>Freehold premises at cost</i> | | |
| <i>Mortgage on premises</i> | | |
| <i>Interest paid</i> | | |
| <i>Interest received</i> | | |
| <i>Inventories</i> | | |
| <i>Bank and cash</i> | | |
| <i>Salaries</i> | | |
| <i>Rent and rates</i> | | |
| <i>Provision for bad debts</i> | | |
| <i>Trade receivable</i> | | |
| <i>Trade payables</i> | | |
| <i>Light and heat</i> | | |
| <i>Stationery</i> | | |
| Total | | |

QUESTIONS**a) Fill in the blanks:**

1. Ledger is the _____ book of account.
2. The process of transferring entries from Journal to the Ledger is called _____.
3. c/d means _____ and b/d means _____.
4. c/f means _____ and b/f means _____.
5. Debiting an account signifies recording the transactions on the _____ side.
6. The left hand side of an account is known as _____ and the right hand side as _____.
7. Credit Balance means _____ is heavier than _____.
8. Real accounts cannot have _____ balance.
9. Account having debit balance is closed by writing _____.
10. L.F. column in the journal is filled at the time of _____.
11. Trial Balance should be tallied by following the rules of _____.

b) Choose the correct answer:

1. Ledger is a book of:
 - a. original entry
 - b. final entry
 - c. all cash transactions.
2. Personal and real accounts are:
 - a. closed
 - b. balanced
 - c. closed and transferred
3. The column of ledger which links the entry with journal is
 - a. L.F column
 - b. J.F column
 - c. Particulars column
4. Posting on the credit side of an account is written as
 - a. To
 - b. By
 - c. Being
5. Nominal account having credit balance represents
 - a. income / gain
 - b. expenses / losses
 - c. assets
6. Nominal account having debit balance represents
 - a. income / gain
 - b. expenses / losses
 - c. liability
7. Real accounts always show
 - a. debit balances
 - b. credit balances
 - c. nil balance.
8. Account having credit balance is closed by writing
 - a. To Balance b/d
 - b. By Balance c/dc.
 - c. To Balance c/d
9. When the total of debits and credits are equal, it represents

a. debit balance b. credit balance c. nil balance

10. The balances of personal and real accounts are shown in the

a. profit and loss account b. balance sheet c. both.

11. Trial balance is prepared to find out the

a) Profit or loss b) financial position c) arithmetical accuracy of the accounts

III. Problems:

1. Journalize the following transactions of Mr. Majid and post them in the ledger and balance the same.

2016, June 1 Majid invested SR 500,000 cash in the business

3 Paid into Bank SR 80,000

5 Purchased building for SR 300,000

7 Purchased goods for SR 70,000

10 Sold goods for SR 80,000

15 Withdrew cash from bank SR 10,000

25 Paid electric bills SR 3,000

30 Paid Salary SR 15,000

2. Record the following transactions in the Journal of Mr.Hadi and post them in the ledger and balance the same.

2004, Jan. 1 Mr.Hadi commenced business with cash, SR.1,500,000.

3 Paid into Bank SR 500,000

5 Bought goods for SR 360,000

7 Paid travelling charges SR 5,000

10 Sold goods for SR 250,000

15 Sold goods to Saud SR 240,000

20 Purchased goods from Mr. Turki SR 210,000

25 Withdrew cash SR 60,000

3. Journalize the following transactions in the Journal of Mr. Tariq, post them in the ledger and balance them.

2003, Aug. 1 Started business with SR 450,000

3 Goods purchased SR 70,000

5 Goods sold SR 51,000

10 Goods purchased from Salim SR 200,000

16 Goods returned to Salim SR 5,000

23 Drew from bank SR 30,000

26 Furniture purchased SR 10,000

27 Settled Salim's account

31 Salaries paid, SR 12,000

4. Journalize the following transactions in Mr.Suhail's Journal and post them to ledger and balance them.

2003, Sept. 1 Mr.Suhail started business with 300,000

5 Opened a current account with

Indian Overseas Bank 50,000

12 Bought goods from Mr. Faisal 90,000

18 Paid to Mr. Faisal 90,000

20 Sold goods to Mr. Omar 126,000

28 Mr. Omar's settled his account

5. Journalize the following transactions in Mr. Green's book sand post them to ledger and balance them.

2003, Aug 5 Sold goods to Mr.Shadab on Credit SR 17,500

9 Bought goods for cash from Mr. Brown SR 22,500

12 Met Travelling expenses SR 2,500

15 Received Rs.80,000 from Mr. Shahadat as loan

21 Paid wages to workers SR.3, 000

6. Enter the following transactions in journal and post them in the ledger of Mr. Yosuf and balance them.

2003, Aug 1 Mr. Yosuf commenced his business with the following assets and liabilities.

1 Plant and Machinery SR.250,000.

Stock SR. 90,000.

Furniture SR. 7,000.

Cash SR. 50,000.

Sundry creditors SR 150,000.

2 Sold goods to Naïf SR. 150,000.

3 Bought goods from Natarajan SR 65,000.

4 Naïf paid cash SR. 125,000.

6 Returned damaged goods to Natarajan SR 2,000.

10 Paid to Natarajan SR 28,000.

31 Paid rent SR. 5,000.

Paid salaries SR. 9,000.

7. Post the following transactions direct into ledger of Abdul Karim and balance them.

2016, Oct 1 Received cash from Rahim SR.160,000.

5 Bought goods for cash SR 60,000.

7 Sold to Ibrahim SR 30,000.

15 Bought from Danish SR.40,000.

18 Sold to Ahmad SR. 50,000.

20 Withdrew cash for personal use SR.18,000.

25 Received commission SR.20, 000.

30 Paid rent SR 5,000.

31 Paid salary SR 10,000

Trial Balance

8. The following balances were extracted from the ledger of Mr. Abdullah as on 31st March 2016. You are required to prepare a trial balance as on that date.

Drawings 60,000 Salaries 95,000(SR)

Capital 2, 40,000 Sales return 10,000

Sundry creditors 430,000 Purchases return 11,000

Bills payable 40,000 Commission paid 1,000

Sundry debtors 546,000 trading expenses 25,000

Bills receivable 52,000 Discount earned 5,000

Plant & Machinery 45,000 Rent 20,000

Opening stock 370,000 Bank overdraft 60,000

Cash in hand 9,000 Purchases 708,000, Cash at bank 25,000 Sales 11, 80,000

9. Prepare Trial Balance as on 31.12.2016 from the following balances of Mr. Khalid

Capital 340,000 Purchases 94,000 SR

Creditors 13,000 Sales Returns 3,400

Drawings 4,000 Purchases Return 2,400

Salaries 38,200 Carriage inwards 1,400

Bill Receivable 5,800 Printing & Stationery 5,000

Bills Payable 7,000 Stock 29,900

Debtors 16,000 Machinery 50,000

Sales 144,000 Wages 5,000

Insurance 2,200 Rent 1,600

Land 250,000 Interest received 1,700

Commission received 800 Electricity charges 2,400

10. The following balances are extracted from the books of Mr. Salman. Prepare Trial Balance as on 30.6.2016.

SR

Capital 470,200 Machinery 158,800
 Cash in hand 6,000 Sundry Debtors 48,000
 Building 320,000 Repairs 5,400
 Stock 33,000 Insurance premium 3,300
 Sundry creditors 26,000 Sales 2,90,000
 Commission paid 750 Telephone charges 6,450
 Rent & Taxes 6,300 Furniture 11,000
 Purchases 165,000 Discount earned 1,100
 Salaries 70,600 Loan from Mohammed 51,000
 Discount allowed 650 Reserve fund 5,900
 Drawings 5,000 Bills receivable 8,600
 Bad debts 1,350 Bills payable 6,000

11-Prepare Trial Balance as on 31.3.2016 from the books of Mr. Omar.

SR

Capital 249,000 Drawings 24,000
 General expenses 97,000 Building 78,000
 Machinery 118,680 Stock 132,400
 Wages 14,400 Insurance 2,610
 Bad debts 1,100 Creditors 5,000
 Sales 330,720 Loan (Cr.) 75,000
 Commission 5,500 Purchases 210,800
 Bills payable 7,700 Reserve Fund 15,000
 Bank overdraft 28,600 Cash in hand 25,320
 Discount 1,210

12. Prepare Trial Balance as on 31.12.2017 from the following balances of Ms. Fatima.

SR

Drawings 74,800 Purchases 295,700
 Stock (1/1/2000) 30,000 Discount received 1,000
 Capital 250,000 Discount allowed 950
 Furniture 33,000 Sales 335,350

Sundry creditors 75,000 Rent 72,500
 Printing charges 1,500 Sundry expenses 21,000
 Bank loan 1, 20,000 Bills receivable 52,500
 Freight 3,500 Carriage outwards 1,500
 Income tax 9,500 Insurance 1,200
 Machinery 215,400 Bills payable 31,700

13. Prepare trial balance as on 31.3.2003 from the following balances of Mr. Farooq

Drawings 43,000 Purchases 298,000 SR
 Capital 212,000 Sales 364,000
 Sundry creditors 61,500 Salaries 44,950
 Bills Payable 22,000 Sales return 500
 Sundry Debtors 55,000 Purchases return 2,550
 Bills Receivable 72,600 Travelling expenses 12,300
 Loan from Samba 250,000 Commission paid 250
 Furniture & Fittings 12,250 Discount earned 2,000
 Opening stock 223,500 Cash in hand 65,450
 Cash at bank 86,250

14. Prepare Trial Balance from the following balances of Mr. Dilshad as on 31.12.2016.

Capital 420,000 Cash in hand 25,000 SR
 Building 115,000 Cash at bank 84,700
 Machinery 60,000 Salaries 94,000
 Furniture 11,000 Rent 48,000
 Car 68,000 Commission 1,400
 Opening stock 86,000 Rates and Taxes 2,600
 Purchases 94,000 Bad debts 3,200
 Sales 196,000 Insurance 2,400
 Sundry debtors 16,200 General Expenses 800
 Reserve for doubtful debts 7,300 Sundry Creditors 68,000