PENANG SANGAM HIGH SCHOOL P.O BOX 44, RAKIRAKI LESSON NOTES –WEEK 8

Subject: Commercial Studies Year: 10

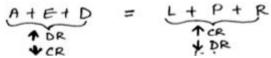
Strand: 2.3 - The Accounting Process

Content Learning Outcome: - Use double entry concept to post to ledger accounts

- Post, balance the ledger accounts using T form
- Prepare <u>debtors ledger account</u> from transactions using T form.

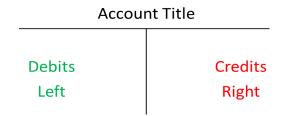
Lesson Notes:

✓ Ledger accounts follow the extended accounting equation rule.



- ✓ **DR** entries in the journal/ analysis chart are posted to **DR** side in the ledger. **CR** entries in the journal/ analysis chart is posted to **CR** side in the ledger
- ✓ Given the transactions, first identify the accounts affected or separately prepare an analysis chart. Since we are preparing Debtor Ledger Account, we will record the opposite account affected into the ledger with the debtor amount.
 - Same side posting- meaning
- ✓ If **Debtor account is DR**, you will record the **opposite account name on the DR** side of the ledger account with the **amount for debtor**.
- ✓ If **Debtor account is CR**, you will record the **opposite account name on the CR** side of the ledger account with the **amount for debtor**.

T Account Format



Illustrative Examples:

Note: The total of the side [DR/CR] which is more will be recorded on both sides on the same line. Bal c/d and Bal b/f is the difference between the total which is more [\$3800 DR] minus Total which is less [\$520 CR]. Record Bal c/d on the side which is less and should be above the total. Record Bal b/f on the side which is more and should be below the total.

Example: Debtor/Accounts Receivable Tom (Debtor) + we less
Ledger (current Asset) Jani. opening Jan 6. sales Return 20
Jon 1: Opening Balances: Balance soul 8. Cash 200
Debtor (Tom) - \$ 3000 calls s. sales 2. Credit sales to Tom \$ 100 Tom 4. Interest 40 0. cash 280 2. Credit sales to Tom \$ 100 Tom 4. Table 400
4. charged interest to Tom & Feron 11. Freight 60
6. Tom returned domaged goods of sole's. Dishonored so Bal 4d 3280
a. Sold table to Tom on credit \$400 Table
\$ 20 discount allowed. Sall Bally 3280
11. Charged freight to Tom \$60 Tom
p. cheque received from Tom becomes Dishonound solution choque solution
Required: Prepare Ledger Account for Tom Bal Cld and Bal off is

Class Activity

Debtor's Ledger Account

XX Ltd has the following opening balances on 1st January 2020.

Jan 1: Accounts receivable Opening Balance - Ken \$700 and Max \$300

2: Credit sales to Max \$200

3: Ken paid his account \$150

5: Max returned damaged goods \$60

7: Credit sales to Ken \$250

9: Charged interest to Max \$40

11: Ken paid his account \$400 and was allowed \$50 discount

12: Charged freight to Max \$60

14: Max paid his account \$200 less \$30 discount allowed

16: Ken paid by cheque \$100

20: Ken's cheque of \$100 was declared dishonoured.

22: Credit sales to Ken \$30

Required: Prepare Ledger Accounts for Ken and Max in T-form.

Note: They are two different debtors so separately prepare their ledger accounts similar to Tom's ledger account.