

PENANG SANGAM HIGH SCHOOL

P.O BOX 44, RAKIRAKI

LESSON NOTES WEEK 12

Subject: Commercial Studies

Year: 10

Strand: 2

Sub 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 sales ledger account from transactions using T form.

Lesson Notes (copy in content learning outcome, notes and activities in your note book)

- ✓ Ledger accounts follow the extended accounting equation rule.

$$\begin{array}{c} A + E + D \\ \uparrow \text{DR} \\ \downarrow \text{CR} \end{array} = \begin{array}{c} L + P + R \\ \uparrow \text{CR} \\ \downarrow \text{DR} \end{array}$$

- ✓ **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 Sales Ledger Account, we will record the opposite account affected into the ledger with Sales amount.
 - **Same side posting- meaning**
- ✓ If **Sales account is CR**, you will record the **opposite account name on the CR side** of the ledger account with the **amount for Sales**.

T Account Format

Account Title	
Debits Left	Credits Right

Illustrative Example:

- ✓ Revenue ledger accounts will not have opening balance
- ✓ **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 [\$3 300 CR] minus Total which is less [\$0 DR]. 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 3 Sales Ledger Account		Required: Prepare Sales Ledger Account in T-form	
(Revenue) ⇒ Note will not have opening Balance			
Jan. 2	Cash sales	\$ 600	
6.	Credit sales to mere	800	
10.	Sold goods on cash	1000	
12.	Sold goods to Ken	900	
		3300	

Sales (Rev) ↑	
Jan 2. Cash	600
6. mere	800
10. Cash	1000
12. Ken	900
	3300
Feb 1. Bal b/f	3300

Class Activity: XY Ltd has the following transactions for the month of March 2020.

March 1: Cash Sales \$1300

3: Sold goods on credit to Max \$600

6: Credit sales to Sam \$800

10: Sold goods on cash \$900

Required: Prepare Sales Ledger Account in T- form.