

PENANG SANGAM HIGH SCHOOL

P.O BOX 44, RAKIRAKI

LESSON NOTES WEEKS 16-18

**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 from journal.
- Extract a trial balance

**Lesson Notes:** Illustrative Example

Given below is the Journal Entry for A. Ahmed for the month of March

General Journal				
Date	Particulars	DR ₹	CR ₹	
Mar 1	<u>Assets</u>			
	Cash at bank	760		} DR entries are posted to DR side with entry Balance
	Inventory	14 000		
	Equipment	860		
	Debtors: D. Manu	28		
	R. Rafiq	83		
	S. Api	72		
	<u>Liabilities</u>			
	Loan - Traders Bank		4 000	} CR entries are posted to CR side with entry Balance
	Creditors: Adco Ltd		148	
	Gani & Sons		894	
	Capital		10 761	
		15 803	15 803	
6	Equipment	135		
	Supplies Ltd		135	
15	Bad Debts	28		
	D. Manu		28	
22	Drawings	60		
	Purchases		60	
27	Freight	36		
	Adco Ltd		36	

### Cash Payment Journal

Date	Particulars	Discount	Details	Bank
6	Purchases		40	
	Wages		102	142
17	Gani & Sons	14		880
20	Advertising		50	
	Wages		140	190
21	Drawings			200
23	Purchases			100
27	Interest		93	
	Loan		57	150
28	Bank charges			2
29	Drawings			200
31	Discount Rec CR 14			
	Cash @ bank CR			1864

Discount Received total CR with the entry Creditors

Posted to CR side of the cash at bank account with entry Total Payment

Individual entries are posted on the DR side with the entry Cash

### Purchases Journal

Date	Particulars	DR \$	CR \$
11	Adco Ltd		86
17	Gani & Sons		422
	Purchases Account DR	508	

Creditors CR with entry Purchases

Purchases DR with entry Creditors

  

### Purchases Return Journal

Date	Particulars	DR \$	CR \$
20	Gani & Sons	16	
	Purchases Return Account CR		16

DR with entry Purchases Return

Purchases Return CR with entry Creditors

Date	Particulars	Discount	Detail	Bank
3	Sales		89	
	Commission		21	110
8	S. Api	2	70	
	Equipment		50	120
17	Sales		888	
	Commission		24	
	R. Rafiq	3	80	992
22	Sales			649
31	Discount Allowed DR	5		
	Cash at Bank Account DR			1871

Individual entries are posted on the CR side with entry Cash

Discount Allowed total DR with entry Debtors

Posted to DR side of the Cash at bank account with entry Total Receipt

Date	Particulars	DR	CR
2	R. Rafiq	46	
8	S. Api	37	
22	T. Sikuri	40	
	Sales Account CR		123

Sales is CR with entry Debtors

Posted to DR side with entry Sales

Date	Particulars	DR	CR
2	R. Rafiq		7
23	T. Sikuri		5
	Sales Return Account DR	12	

Sales return DR with entry Debtors

Posted to CR side with entry Sales Return

Required:

1. Prepare all the ledger accounts.

1. Cash at Bank [A]

Date	Particulars	\$	Date	Particulars	\$
1	Balance	760	31	Total Payments	1864
31	Total Receipt	1871		Bal c/d	767
		2631			2631
Apr 1	Bal b/f	767			

2. Inventory [A]

Date	Particulars	\$	Date	Particulars	\$
1	Balance	14 000			

3. Equipment [A]

Date	Particulars	\$	Date	Particulars	\$
1	Balance	860	8	Cash	50
6	Supplies Ltd	135		Bal c/d	945
		995			995
Apr 1	Bal b/f	945			

4. D. Manu [A]

Date	Particulars	\$	Date	Particulars	\$
1	Balance	28	15	Bad debts	28

5. R.Rafiq [A]

Date	Particulars	\$	Date	Particulars	\$
1	Balance	83	2	Sales return	7
2	Sales	46	17	Cash + Discount	83
				Bal c/d	39
		129			129
Apr 1	Bal b/f	39			

6. S.Api [A]

Date	Particulars	\$	Date	Particulars	\$
1	Balance	72	8	Cash + Discount	72
8	Sales	37		Bal c/d	37
		109			109
Apr 1	Bal b/f	37			

7. Loan – Traders Bank [L]

Date	Particulars	\$	Date	Particulars	\$
27	Cash	57	1	Balance	4 000
	Bal c/d	3 943			
		4 000			4 000
			Apr 1	Bal b/f	3 943

8. Adco Ltd [L]

Date	Particulars	\$	Date	Particulars	\$
			1	Balance	148
			11	Purchases	86
	Bal c/d	270	27	Freight	36
		270			270
			Apr 1	Bal b/f	270

9. Gani & Sons [L]

Date	Particulars	\$	Date	Particulars	\$
17	Cash + Discount	894	1	Balance	894
20	Purchases Return	16	17	Purchases	422
	Bal c/d	406			
		1 316			1 316
			Apr 1	Bal b/f	406

10. Capital [L]

Date	Particulars	\$	Date	Particulars	\$
			1	Balance	10 761

11. Supplies Ltd [L]

Date	Particulars	\$	Date	Particulars	\$
			6	Equipment	135

12. Bad Debts [E]

Date	Particulars	\$	Date	Particulars	\$
15	D.Damu	28			

13. Drawings [-P]

Date	Particulars	\$	Date	Particulars	\$
21	Cash	200			
22	Purchase	60		Bal c/d	460
30	Cash	200			
		460			460
Apr 1	<b>Bal b/f</b>	460			

14. Purchase [E]

Date	Particulars	\$	Date	Particulars	\$
6	Cash	40	22	Drawings	60
17	Creditors	508		Bal c/d	588
23	Cash	100			
		648			648
Apr 1	<b>Bal b/f</b>	588			

15. Freight [E]

Date	Particulars	\$	Date	Particulars	\$
27	Adco Ltd	36			

16. Wages [E]

Date	Particulars	\$	Date	Particulars	\$
6	Cash	102			
20	Cash	140		Bal c/d	242
		242			242
Apr 1	<b>Bal b/f</b>	242			

17. Advertising [E]

Date	Particulars	\$	Date	Particulars	\$
20	Cash	50			

18. Interest [E]

Date	Particulars	\$	Date	Particulars	\$
27	Cash	93			

19. Bank Charges [E]

Date	Particulars	\$	Date	Particulars	\$
28	Cash	2			

20. Discount Receive [R]

Date	Particulars	\$	Date	Particulars	\$
			31	Creditors	14

21. Purchases Return [R]

Date	Particulars	\$	Date	Particulars	\$
			20	Creditors	16

22. Sales [R]

Date	Particulars	\$	Date	Particulars	\$
			3	Cash	89
	Bal c/d	1 749	17	Cash	888
			22	Cash	649
				Debtors	123
		1 749			1 749
			Apr 1	<b>Bal b/f</b>	1 749

23. Commission [R]

Date	Particulars	\$	Date	Particulars	\$
	Bal c/d	45	3	Cash	21
			17	Cash	24
		45			45
			Apr 1	<b>Bal b/f</b>	45

24. Discount Allowed [E]

Date	Particulars	\$	Date	Particulars	\$
31	Debtors	5			

25. T. Sikuri [A]

Date	Particulars	\$	Date	Particulars	\$
22	Sales	40	23	Sales return	5
				Bal c/d	35
		40			40
Apr 1	<b>Bal b/f</b>	35			

26. Sales Return [E]

Date	Particulars	\$	Date	Particulars	\$
31	Debtors	12			

2. Extract a Trial Balance

Ledger Accounts [A,E, D] [DR]	\$	Ledger Accounts [L,P,R] [CR]	\$
Cash at bank	767	Loan – Traders Bank	3 943
Inventory	14 000	Adco Ltd	270
Equipment	945	Gani & Sons	406
R.Rafiq	39	Capital	10 761
S.Api	37	Supplies Ltd	135
Bad debts	28	Discount receive	14
Drawings	460	Purchases return	16
Purchase	588	Sales	1 749
Freight	36	Commission	45
Wages	242		
Advertising	50		
Interest	93		
Bank charges	2		
Discount Allowed	5		
T. Sikuri	35		
Sales return	12		

	17 339		17 339
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### Class Activity 1

Ms Sonia owns a grocery store in Yarua village and presented the following information for the month of August, 2019. Opening Ledger balances as at 1st August, 2019 were:

#### **General Journal**

<b>Particulars</b>	<b>Debit (\$)</b>	<b>Credit (\$)</b>
Cash at Bank	1 000	
Debtors: Karana	100	
Ramu	200	
Delivery Van	10 000	
Creditors: Jonasi		900
Jipeka		850
Loan		2 000
Capital		7 550
	<b><u>11 300</u></b>	<b><u>11 300</u></b>

#### **Sales Journal**

<b>Date</b>	<b>Particulars</b>	<b>Debit (\$)</b>	<b>Credit (\$)</b>
Aug 3	Karana	150	
15	Ramu	75	
21	Karana	<u>50</u>	
31	Sales Account CR		<b><u>275</u></b>

#### **Sales Returns Journal**

<b>Date</b>	<b>Particulars</b>	<b>Debit (\$)</b>	<b>Credit (\$)</b>
Aug 18	Ramu		20
25	Karana		<u>10</u>
31	Sales Returns Account DR	<b><u>30</u></b>	

### Cash Receipts Journal

Date	Particulars	Discount Allowed (\$)	Details (\$)	Bank (\$)
Aug 8	Rent			500
10	Sales			250
15	Karana	20		180
17	Sales			400
20	Table			900
23	Ramu	10		140
25	Capital			500
27	Sales			70
31	Discount Allowed DR	<b>30</b>		
	Bank Account DR			<b>2 940</b>

Required Use the information given above to prepare the following ledger accounts:

- a. Karana
- b. Sales
- c. Discount Allowed
- d. Capital

#### Class Activity 2

Mr Frazer presented the following information for the month of August, 2008.

Opening Ledger Balances as at 1<sup>st</sup> August, 2008 were :

	\$
Cash at Bank	23 500
Debtors : Tevita	600
Ali	700
Creditors : Mereoni	1 300
Anita	450
Furniture	10 000
Building	54 000
Stock	16 000



**Purchases Journal**

Date		Particulars	Debit \$	Credit \$
Aug	3	Mereoni		300
	4	Anita		250
	31	Purchases A/c Dr	\$550	

**Purchases Returns Journal**

Date		Particulars	Debit \$	Credit \$
Aug	5	Mereoni	25	
	7	Anita	15	
	31	Purchases Returns A/c Cr		\$40

**Cash Payments Journal**

Date		Particulars	Cheque No.	Discount \$	Details \$	Bank \$
Aug	7	Wages	313			150
	10	Mereoni	314	15		260
	15	Anita	315			220
	18	Drawings	316			285
	20	Purchases	317			1 500
	31	Discount Received A/c Cr		\$15		\$2 415
		Cash at Bank A/c Cr				

**Additional Information :**

August 21 Bought furniture on credit from Mani's Furniture Shop \$300.

25 Total Cash Receipts Journal \$680.

Use the information given above to prepare the following ledger accounts.

1. Cash at Bank Account
2. Mereoni's Account
3. Purchases Account
4. Furniture Account

### Class Activity 3

#### **TRIAL BALANCE**

The owner of Raho's Store presented the following account balances as at 31<sup>st</sup> March, 2010.

<b>Ledger Accounts</b>	<b>\$</b>
Capital - Jee	7 272
Cash at bank	3 600
Commission Revenue	120
Creditors	1 500
Debtors	2 792
Drawings	144
Discount expense	30
Custom Duty	70
Petty Cash Advance	30
Purchase	5 100
Sales	7 746
Salaries	372
Stock	2 100
Van	2 400

#### **Required:**

Use the information given above to prepare a Trial Balance of Raho's Store as at 31<sup>st</sup> March, 2010.

**Note:** Use your chart of account to classify the accounts into which element they belong to and then prepare a trial balance similar to the illustrative example.

**Assets, Expenses and Drawing will be recorded on the debit side (DR) and Liabilities, Revenue and Proprietorship will be recorded on the credit side (CR). Total on DR side should equal to total on CR side.**