

Important Topics Exposition:

[The important information of this chapter has been provided here at a glance.]

1. The different heads of accounts assembled together such as (income, expense, asset, liability and owner's equity) are called – Ledger.
2. At the completion of a specific accounting cycle the results of transactions are transferred into – Ledger.
3. Ledger – is called the principle book of accounting.
4. Total balance amount of assets, liabilities, income and expenses of a business can be obtained from – Ledger.
5. Ledger has 5 characteristics – individual title, classification, transfer from journal, principle book of account and checking the arithmetical accuracy.
6. The transactions are entered into the ledger – serially and in classified manner.
7. Ledger arranges transactions properly in a sequence – which helps users to easily access information.
8. Ledger is the king of all books and principle book of accounting.
9. Keeping ledger is – compulsory.
10. Ledger – is compulsory to maintain as a principle book which helps to create the financial statements of an organization.
11. The ledger reflects – the arithmetical accuracy of accounts and financial results and condition of a business.
12. In general terms, the word balancing means what remains.
13. First step of preparing ledger is – posting.
14. C/D or C/F is ascertained at the end of a certain time.
15. C/d means – carried down.
16. C/F means – carried forward.
17. B/F means – brought forward
18. B/D means – brought down
19. For ascertaining the balance at any time /no particular date is used – moving balance method.
20. Whenever the debit posting equals to the credit posting the account is called – balance account.
21. Liabilities, income and owner's equity shows – credit balance
22. Expense and asset show – debit balance
23. Purchase account, sales account, cash account, creditors account, capital account – these are called general ledger
24. Only the debtors and creditors accounts are also known as – control account.
25. The account that is prepared for each debtor and creditor are called – subsidiary ledger
26. The posting is made to the subsidiary ledger from special journal – everyday
27. The posting is made to the general ledger – at the end of week / month.
28. Trail balance is prepared with the balances of above ledger.

CQs for Self-assessment:

1. Kamal is a businessman. On 1st January 2018, the following transaction are occurred in his business: -

| | |
|------------|---|
| January-01 | Goods sales of costing Tk. 18,000 to Matin Traders. Trade discount 4%, Voucher No. – 520 and carrying charge Tk. 500. |
| January-05 | Goods sold of Tk. 11,000 to Joy Traders @ 5% discount, packing charge Tk. 650. Voucher no – 521. |
| January-10 | Goods returned from Matin Traders of Tk. 2,100: debit note no – 222. |
| January-22 | Goods returned from Joy Traders of Tk. 1,500: debit note no – 223. |

Requirement:

- Calculate the amount of trade discount of Kamal at the end of the month.
 - Prepare a sales journal from the required transactions.
 - Prepare subsidiary ledger from the above transactions.
2. Oshim Trader's following transactions are given below on March 2018: -

| | |
|------------|--|
| March – 01 | Goods purchased from Kabir & Son's Tk. 26,000. |
| March – 07 | Sold to Khoka & Co. in cash Tk. 40,000. |
| March – 09 | Goods returned to Kabir & Son's Tk. 3,000. |
| March – 18 | Salary paid to employee Tk. 5,000. |
| March – 19 | Advertisement expense Tk. 2,000. |

Requirement:

- Record the transactions of Oshim Trader's dated March 1 and 9 in journal.
 - Determine the balance of Kabir & Son's account and cash account using 'T' ledger format.
 - Prepare purchase account, sales account, salary account and advertisement account using 'Moving Balance' ledger format.
3. Mr. Shajedur Rahman started business on 1 November bringing cash tk. 80,000, Land costing tk. 2,00,000 and loan tk. 20,000. During the month following transactions occurred in his business: -

| | |
|-------------|--|
| November-06 | Purchase plant of different species for Tk. 60,000 from Barua Nursery of Bogura and paid Tk. 40,000 in cash. |
| November-10 | Plant sold to Kashem Nursery for Tk. 20,000 and received Tk. 12,000 in cash. |
| November-14 | Plant return from Kashem Nursery of Tk. 5,000 for not matching with order. |

Requirement:

- Pass journal entry of Mr. Shajedur for the transaction of November – 01.
 - Calculate the amount of owner's equity of Mr. Shajedur for the end of the month.
 - Prepare cash account and debtors account from the above information.
4. The following events are found in Mr. Mobasher account book: -

| Date | Particulars | J.F. | Taka | Date | Particulars | J.F. | Taka |
|--------|---------------|------|--------|--------|-----------------|------|--------|
| 2017 | | | | 2017 | | | |
| Jan-01 | Balance B/D | | 40,000 | Jan-02 | Bank Account | | 10,000 |
| Jan-03 | Jahid Account | | 18,000 | Jan-05 | Monir Account | | 14,000 |
| Jan-17 | Sales Account | | 16,000 | Jan-15 | Salary Account | | 6,000 |
| | | | | Jan-20 | Drawing Account | | 2,000 |

Requirement:

- Determine the balance of cash account.
- Show the journal entries for the month of January 2017 considering the above account.
- Prepare bank account and sales account using moving balance format.

5. Mr. Kamran started his business to bring cash tk. 1,00,000 and a computer of tk. 50,000 on 1st January 2016. The following events are found in his business for the month: -

| | |
|------------|---|
| January-02 | A bank account was opened by depositing Tk. 25,000. |
| January-08 | Goods sold to kamal Tk. 15,000. |
| January-12 | Goods sold by cheque Tk. 15,000. |
| January-18 | Goods drawing Tk. 5,000. |
| January-20 | Paid to creditors by cheque Tk. 3,000. |
| January-27 | Of debtors Tk. 2,000 is irrecoverable. |
| January-30 | Proprietor withdraw Tk. 5,000 from bank for personal purpose. |

Requirement:

- Find out the net amount of debtor in the light of stem.
- Record the transactions occurred on January 8, 12, 27 and 30 in the general journal.
- Prepare bank account and drawing account using moving balance format.

MCQs for Self-Assessment:

- Which two are called main account of general ledger of the following?
 - Cash & Capital
 - Creditors & Purchase
 - Debtors & Sales
 - Debtors & Creditors
- What is meant by C/D?
 - Carried Down
 - Brought Down
 - Carried Forward
 - Brought Forward

[Considering the following information, answer the question no. 3, 4 & 5.]

The following transactions are taken from the ledger book of Fariha enterprise:

| Name of account | | Bank Account | | | Code no. of the account | |
|-----------------|-------------|--------------|------------|-------------|-------------------------|--------|
| Date | Description | J. Page | Debit (Tk) | Credit (Tk) | Balance | |
| | | | | | Debit | Credit |
| 2018 Jan-01 | Balance b/d | | | | 20,000 | |
| " - 20 | Cash | | | 8,000 | | |
| " - 25 | Hasan | | | 10,000 | | |
| " - 28 | Purchase | | | | | 10,000 |

- Which one is the debit account of the transaction of January 25?
 - Bank
 - Fariha
 - Hasan
 - Cash
- What is the purchase amount of Fariha Enterprise at January 28?
 - Tk. 12,000
 - Tk. 8,000
 - Tk. 10,000
 - Tk. 20,000
- What is meant by the closing bank balance of Fariha Enterprise?
 - Bank Balance
 - Bank Overdraft
 - Cash on Hand
 - Purchase Account
- The item which will be included in subsidiary ledger is –
 - Debtors
 - Creditors
 - Name of the expenses
 Which one is correct?
 - i & ii
 - ii & iii
 - i & iii
 - i, ii & iii
- For which reason account information users can easily get information from ledger?
 - For transactions being together
 - Every account has heading
 - Transactions are written orderly
 - Mathematical authenticity of account can be justified
- Income, expenses, assets, liabilities and owner's equity account together are called –
 - Journal
 - Ledger
 - Trail Balance
 - Accounting Equation

[Considering the following information, answer the question no. 9.]

Mr. Helal is a businessman. He records his transactions in the complete book of accounts. His transactions are as follows:

| Name of account | | Cash Account | | | Code no. of the account | |
|-----------------|-------------|--------------|------------|-------------|-------------------------|--------|
| Date | Description | J. Page | Debit (Tk) | Credit (Tk) | Balance | |
| | | | | | Debit | Credit |
| 2018 Jan-01 | Balance b/d | | | | 10,000 | |
| " - 20 | Cash | | | 14,000 | - | - |
| " - 25 | Hasan | | 5,000 | | 1,000 | |
| " - 28 | Purchase | | 5,000 | | 6,000 | |

9. What is the balance of the transaction of Mr. Helal of 20 January?
 - a) Tk. 14,000 Credit
 - b) Tk. 4,000 Debit
 - c) Tk. 24,000 Debit
 - d) Tk. 4,000 Credit
10. Final book of account is –
 - a) Ledger
 - b) Cash Book
 - c) Journal
 - d) Transactions
11. When the balance of moving balance table is determined?
 - a) Everyday
 - b) After a certain time
 - c) After posting the transaction
 - d) Before preparation of trail balance
12. Which one is the permanent book of account?
 - a) Journal
 - b) Cash Book
 - c) Ledger
 - d) Trail Balance
13. What is the last shelter of transactions?
 - a) Journal
 - b) Ledger
 - c) Cash Book
 - d) Trail Balance
14. Which is used for closing balance?
 - a) B/D
 - b) B/F
 - c) C/D
 - d) C/O
15. Subsidiary ledger is prepared in which name?
 - a) Cash Account
 - b) Maruf Account
 - c) Bank Account
 - d) Depreciation Account
16. Ledger is known as -
 - i) Primary book
 - ii) Final book
 - iii) King of all books
 Which one is correct?
 - a) i & ii
 - b) ii & iii
 - c) i & iii
 - d) i, ii & iii
17. Which account is used as subsidiary ledger?
 - a) Creditors a/c
 - b) Assets a/c
 - c) Bank a/c
 - d) Purchaser a/c
18. What is to be written on the right side of moving balance format of ledger?
 - a) Account Code
 - b) Credit
 - c) Page No.
 - d) Account Name
19. When is account balance calculated in moving balance format?
 - a) At the end of the year
 - b) At the end of the week
 - c) At the end of the month
 - d) After recording of transaction
20. Subsidiary ledger relates to -
 - i) Debtor Account
 - ii) Creditor Account
 - iii) Cash Account
 Which one is correct?
 - a) i & ii
 - b) ii & iii
 - c) i & iii
 - d) i, ii & iii