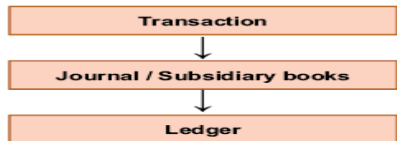


Ledger account is a **summary statement** of all the transactions relating to a person, asset, liability, expense or income which has taken place during a given period of time and it shows their net effect.

Posting – the process of transferring the debit and credit items from journal to ledger account.

J.F – Journal page number in Ledger.

L.F – Ledger page number in Journal.



4.6 Balancing of ledger accounts

Balancing means that the debit side and credit side amounts are totaled and the difference between the total of the two sides is placed in the amount column as 'Balance c/d' on the side having lesser total, so that the total of both debit and credit columns are equal.

If total debit > total credit, the difference is debit balance and is placed on the credit side as 'By Balance c/d'.

If total credit > total debit, the difference is credit balance and is placed on the debit side as 'To Balance c/d'.

4.2 Utilities of Ledger

- Quick info about a particular account
- Control over business transactions
- Trial balance can be prepared
- Helps to prepare financial statements

4.5 Procedure for posting

- ◆ Locate the ledger account debited in the journal entry (if not exist, then open it)
- ◆ Record the following in the debit side of the ledger a/c:
 - Date in date column
 - Amount in amount column
 - Journal page number in J.F. col
 - Record the name of the a/c credited in the journal with prefix "To" in particulars column.
- ◆ Do the same for ledger a/c credited in the journal entry but do this on the credit side of the ledger a/c and particulars take the name of the debit account with prefix "By".
- ◆ The name of the ledger a/c in the heading of that ledger page never appears in the particular column.

Dr. _____ Name of the ledger account _____ C

Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount

4.4 Distinction between journal and ledger

Journal	Ledger
Recording as and when transactions takes place	Posted from Journal either on the same day or at a specific interval period (weekly, fortnightly, monthly etc.)
Journalizing is the 1 st stage for trans.	2 nd (next stage) after Journal
Recording order is date wise (chronological)	Account wise and within account's page date wise.
This process is called journalizing	Is called as posting
Subsidiary books can be there	Cash book only serve also as ledger along with ledger book.
Entries based on source documents	Posting based on journal entries
Net position of an a/c cannot be ascertained from journal	Net position can be ascertained, after balancing.

- Ledger is known as **principal book of accounts** or **Secondary book of entry** or **Book of final entry**.
- **contains** all sets of accounts, namely, **personal, real and nominal accounts**.
- **Account wise balance can be determined** from the ledger.
- The ledger accounts are **prepared based on journal entries** passed.
- The **balances** in the ledger accounts **show the net effect** of transactions during a particular period in various accounts.
- The **personal accounts** give the net amount due to **creditors** and the net amount due from **debtors**.
- The real accounts show the values of assets and nominal accounts show incomes and expenses.
- The **financial statements can be prepared from the ledger balances**.

Important instructions to remember while posting...

- Make sure that the **right amount** is being posted in **right ledger** at the **right side** (of debit or credit).
- **Proper indexing** must be done for all account heads.
- **Posting** must be done **date-wise only** i.e. the dates must be in ascending order.
- He should **give the proper ledger folios** in day books (journal) as well as in ledger account (J.F.).
- In particular column the **narration should be brief, simple and meaningful**.
- There are certain entries which are **not posted in ledger individually but the total of those entries is posted** in to ledger. For example, **total of sales from sales register, total of purchases from purchase register** etc. are posted in to respective account heads. These entries of purchase or sale are not posted individually for each and every transaction but the periodical total of all transaction is posted once.

A business firm can maintain different type of ledger according to its needs.

For example: - supplier ledger, customer ledger, general ledger etc. The accountant must keep in mind that the posting of entry is done in correct ledger.