SSC

SMIT SIR COMMERCE

GSEB | ENGLISH MEDIUM

ELEMENTS OF BOOK-KEEPING & ACCOUNTANCY

STANDARD 11

CHAPTER 9

Ledger-Posting

King of Books | Account Format | Posting Rules | Ledger Classification | Balancing

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Learn the Concept. Understand the Logic. Write Better Answers.

Source-Aligned Roadmap

TEXTBOOK / SOURCE NOTE

The GSEB chapter sequence is: Introduction, Meaning of Ledger, What is an Account, Specimen, Meaning of Posting, Utility/Advantages, Index, Forms, Process of Posting, Classification/Subdivision, and Balancing of Account.

DEEP RESEARCH - CONCEPT ENRICHMENT

ICAI similarly describes the Ledger as the principal book where transactions are classified account-wise after original entry.

1. Meaning of Ledger

Ledger is the main/principal book containing separate accounts for persons, assets, goods, incomes and expenses. Journal tells us transactions date-wise; Ledger tells us account-wise position.

KEY TERM - LEDGER

A principal book in which transactions are classified and posted into separate accounts.

REMEMBER THIS

Journal = story by date. Ledger = story by account.

2. Why Ledger Is Called the King of Books

- It gathers all transactions relating to one account in one place.
- Account balances can be found.
- Debtors and creditors positions become clear.
- Expense and income totals are available.
- Trial Balance is prepared from ledger balances.
- Final accounts depend on ledger information.

3. Meaning of an Account

An account is a classified summary showing the debit and credit effects of transactions relating to one person, asset, liability, expense, income or other item.

4. Specimen of an Account

Dr.	Name of Account	Cr.
Date | Particulars | J.F. | Amount		Date | Particulars | J.F. | Amount
1 Apr | To Capital | J1 | 50,000		5 Apr | By Furniture | J2 | 10,000

The left side is Debit; right side is Credit. "To" is conventionally used on debit side and "By" on credit side in traditional ledger presentation.

5. Meaning of Posting

KEY TERM - POSTING

The process of transferring journal/subsidiary-book information to the appropriate ledger accounts.

REMEMBER THIS

Record first -> Post later. Journal/subsidiary book is original entry; Ledger is classification.

6. Posting a Simple Journal Entry

Journal: Cash A/c Dr 10,000 / To Capital A/c 10,000.

1. In Cash A/c, write on debit side: To Capital A/c Rs.10,000.
2. In Capital A/c, write on credit side: By Cash A/c Rs.10,000.
3. Write Journal Folio reference where prescribed.

7. Posting a Credit Purchase

Journal: Purchases A/c Dr 8,000 / To Ramesh A/c 8,000.

Purchases A/c debit: To Ramesh Rs.8,000. Ramesh A/c credit: By Purchases Rs.8,000.

8. Posting from Purchase Book

1. Each supplier is credited individually with the net credit-purchase amount.
2. The period total of Purchase Book is debited to Purchases A/c.
3. This saves a separate Purchases debit posting for every transaction.

9. Posting from Sales Book

1. Each customer is debited individually.
2. The period total of Sales Book is credited to Sales A/c.

10. Posting from Return Books

Book	Individual Posting	Total Posting
Purchase Return	Debit suppliers	Credit Purchase Return A/c
Sales Return	Credit customers	Debit Sales Return A/c

11. Posting from Cash Book

Cash Book itself contains Cash/Bank accounts, so their ledger accounts may not require duplicate posting. Counterpart accounts are posted from the Cash Book.

Cash Book Entry	Ledger Posting
Cash received from debtor	Credit debtor account
Cash paid to creditor	Debit creditor account
Salary paid	Debit Salary A/c
Commission received	Credit Commission A/c
Discount allowed	Debit Discount Allowed total
Discount received	Credit Discount Received total

12. Utility and Advantages of Ledger

Utility	Explanation
Account-wise information	All transactions relating to one account are together.
Balance finding	Amount receivable/payable or asset balance can be known.
Control	Debtors, creditors and expenses can be monitored.
Trial Balance	Ledger balances form the base of Trial Balance.
Final accounts	Trading/P&L;/Balance Sheet use ledger balances.
Quick reference	Past account history is easy to trace.

13. Index of Ledger

An Index or Exponent is a list of accounts and their ledger page numbers, maintained for quick location.

Example: A - ABC Traders p.12; B - Bank p.25; C - Capital p.4.

14. Forms of Ledger

Form	Feature
Bound Book Ledger	Pages permanently bound; strong control but less flexible.
Loose-Leaf Ledger	Pages can be added/removed in controlled binder.
Card Ledger	Separate cards/accounts; flexible classification.
Computerised Ledger - enrichment	Software maintains account-wise ledgers electronically.

15. Classification / Subdivision of Ledger

When a business has many accounts, ledgers may be divided for control and convenience.

Ledger	Accounts Included
Debtors / Sales Ledger	Personal accounts of credit customers
Creditors / Purchase Ledger	Personal accounts of suppliers
General Ledger	Assets, liabilities, capital, expenses, incomes and control accounts as prescribed

16. Meaning of Balancing an Account

Balancing means finding the difference between the debit and credit totals of an account so that the closing balance can be carried forward where appropriate.

REMEMBER THIS

Difference = Balance c/d at period end; next period = Balance b/d.

17. Debit Balance and Credit Balance

Situation	Balance
Debit total > Credit total	Debit balance
Credit total > Debit total	Credit balance
Both totals equal	Squared up / settled account

18. Which Accounts Carry Forward?

Real and Personal accounts generally carry balances forward because assets, liabilities and personal balances continue into the next period. Nominal accounts are generally closed to final accounts at the end of the period.

DEEP RESEARCH - CONCEPT ENRICHMENT

This reflects the distinction between permanent accounts (assets/liabilities/equity) and temporary accounts (income/expenses) used in the broader accounting cycle.

19. Squared Up / Settled Account

If debit and credit totals are equal and no balance remains, the account is said to be squared up or settled.

20. Ledger Posting - 12 Worked Patterns

Source Transaction	Debit Account Posting	Credit Account Posting
Capital introduced cash	Cash: To Capital	Capital: By Cash
Credit purchase	Purchases: To Supplier	Supplier: By Purchases
Credit sale	Customer: To Sales	Sales: By Customer
Salary paid	Salary: To Cash	Cash: By Salary
Commission received	Cash: To Commission	Commission: By Cash
Purchase return	Supplier: To Purchase Return	Purchase Return: By Supplier
Sales return	Sales Return: To Customer	Customer: By Sales Return
Furniture cash purchase	Furniture: To Cash	Cash: By Furniture
Loan received	Cash: To Loan	Loan: By Cash
Drawings cash	Drawings: To Cash	Cash: By Drawings
Bad debt	Bad Debts: To Debtor	Debtor: By Bad Debts
Discount received	Creditor settlement side	Discount Received credited

21. Posting Checklist

1. Read the original entry.
2. For every debit account, post on debit side and mention the opposite credit account after "To".
3. For every credit account, post on credit side and mention the opposite debit account after "By".
4. Enter date, folio and amount.
5. For subsidiary books, follow individual and total posting rules.
6. Balance the account at period end if required.

COMMON MISTAKE

Wrong idea: Ledger is a book of original entry.
Correct idea: Ledger is a principal/classification book; Journal/subsidiary books are original entry.

COMMON MISTAKE

Wrong idea: Posting means writing transactions in Journal.
Correct idea: Posting means transferring to Ledger.

COMMON MISTAKE

Wrong idea: Every subsidiary-book total is posted to every personal account.
Correct idea: Personal accounts are posted individually; control/nominal totals are posted as totals.

COMMON MISTAKE

Wrong idea: If totals equal, write a balance anyway.
Correct idea: Equal totals mean the account is squared up.

COMMON MISTAKE

Wrong idea: Nominal accounts normally carry balance b/d to next year.
Correct idea: They are usually closed to final accounts.

Board-Style Question Bank

- Define Ledger and Account.
- Why is Ledger called the King of Books?
- Explain specimen of an account.
- What is posting? Explain the process.
- State utility and advantages of Ledger.
- Explain Index of Ledger.
- Explain forms of Ledger.
- Explain classification/subdivision of Ledger.
- Explain balancing of an account.
- Post journal/subsidiary-book transactions into ledger accounts.

Practice MCQs - 30

1. Ledger is called:

- A. King of Books
- B. Cash Note
- C. Voucher
- D. Invoice

2. Ledger is a:

- A. principal book
- B. trial balance
- C. final account
- D. voucher

3. Journal is:

- A. original entry book
- B. ledger only
- C. balance sheet
- D. index

4. Posting means:

- A. transfer to Ledger
- B. making invoice
- C. calculating GST
- D. balancing bank

5. An account is:

- A. classified summary
- B. only voucher
- C. only cash
- D. only sales

6. Left side of account is:

- A. Debit
- B. Credit
- C. Balance sheet
- D. Cash book only

7. Right side is:

- A. Credit

- B. Debit
- C. Trial balance
- D. Invoice

8. Debit-side traditional word is:

- A. To
- B. By
- C. From
- D. With

9. Credit-side traditional word is:

- A. By
- B. To
- C. Dr
- D. Cr only heading

10. Index of Ledger shows:

- A. account names and page numbers
- B. profit
- C. cash only
- D. GST only

11. Bound ledger is:

- A. permanently bound
- B. loose cards
- C. electronic only
- D. no pages

12. Loose-leaf ledger is:

- A. flexible pages
- B. trial balance
- C. cash book
- D. invoice

13. Card ledger uses:

- A. separate cards
- B. one fixed page only
- C. no accounts
- D. cash only

14. Debtors ledger contains:

- A. customer personal accounts
- B. suppliers only
- C. expenses only
- D. assets only

15. Creditors ledger contains:

- A. supplier accounts
- B. customers only
- C. income only
- D. capital only

16. General ledger contains:

- A. general asset/liability/income/expense accounts
- B. no accounts
- C. customers only
- D. suppliers only

17. Purchase Book suppliers are posted:

- A. credited individually
- B. debited individually
- C. ignored
- D. all to Cash

18. Sales Book customers are posted:

- A. debited individually
- B. credited individually
- C. ignored
- D. capitalised

19. Purchase Book total is:

- A. debited to Purchases
- B. credited to Purchases
- C. banked
- D. ignored

20. Sales Book total is:

- A. credited to Sales
- B. debited to Sales
- C. cash only
- D. ignored

21. Balancing means:

- A. finding difference of sides
- B. writing invoice
- C. recording cash sale
- D. GST settlement

22. Debit total greater means:

- A. debit balance
- B. credit balance
- C. no balance
- D. profit always

23. Credit total greater means:

- A. credit balance
- B. debit balance
- C. asset always
- D. no balance

24. Equal totals means:

- A. squared up
- B. overdraft
- C. trial balance
- D. purchase

25. Balance c/d is written:

- A. at period end
- B. at business start only
- C. only in sales
- D. never

26. Balance b/d means:

- A. balance brought down next period
- B. bad debt
- C. bank deposit
- D. bill discount

27. Nominal accounts are usually:

- A. closed to final accounts
- B. carried forever
- C. assets
- D. liabilities

28. Real/personal balances generally:

- A. carry forward where applicable
- B. disappear
- C. become sales
- D. become GST

29. Trial Balance is prepared from:

- A. ledger balances
- B. invoices only
- C. vouchers only
- D. orders

30. Main benefit of Ledger:

- A. account-wise information
- B. less information
- C. no balances
- D. no posting

MCQ Answer Key

Q	Ans	Q	Ans	Q	Ans	Q	Ans	Q	Ans
1	A	2	A	3	A	4	A	5	A
6	A	7	A	8	A	9	A	10	A
11	A	12	A	13	A	14	A	15	A
16	A	17	A	18	A	19	A	20	A
21	A	22	A	23	A	24	A	25	A
26	A	27	A	28	A	29	A	30	A

5-Minute Revision

Ledger = principal book + account-wise classification.

Posting = transfer from original-entry books to Ledger.

Debit side uses To; credit side uses By in traditional format.

Debtors ledger = customers; Creditors ledger = suppliers.

Balance c/d -> next period Balance b/d.

EXAM IMPORTANT

Fast memory: Journal tells WHEN. Ledger tells WHERE the account stands.

Master Revision Sheet

Topic	Rule
Ledger	Principal / King of Books
Posting	Transfer entries to ledger accounts
Index	Account + page reference
Forms	Bound, Loose leaf, Card
Debtors Ledger	Customers
Creditors Ledger	Suppliers
General Ledger	Other accounts
Debit balance	Debit total > credit total
Credit balance	Credit total > debit total
Squared up	Totals equal

Chapter Mastery Checklist

Tick these only when you can explain the idea without looking at the notes.

- [ ] I can post simple journal entries.
- [ ] I know posting rules from Purchase/Sales/Return Books.
- [ ] I understand ledger forms and classification.
- [ ] I can balance accounts and carry balances down.
- [ ] I can identify a squared-up account.

CHAPTER 9 COMPLETE

Ledger-Posting

SMIT SIR'S FINAL MESSAGE

Do not memorise formats without understanding the flow. Ask: what transaction happened, where is it first recorded, how is it classified, and what information should the book finally provide? That logic is what makes Accounts easy.

Research & concept-enrichment sources:
GSEB Std. 11 Elements of Accounts Chapter 9 (primary exam source)
ICAI Accounting Process - Ledgers / Posting concept enrichment

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