Lecture - 17
Ledger Posting - 1

Welcome back and in the last class what we have seen basically is we have seen what is called as we took a list of transactions which were basically out here in the, we took a list of about roughly about 20 transactions and then we passed what is called as journal entries to each of these transactions out there. Now, the second step is little bit when we talked about accounting is posting these transactions into what is called as a ledger account, we use the term what is called as ledger account; that is we consolidate all these transactions.
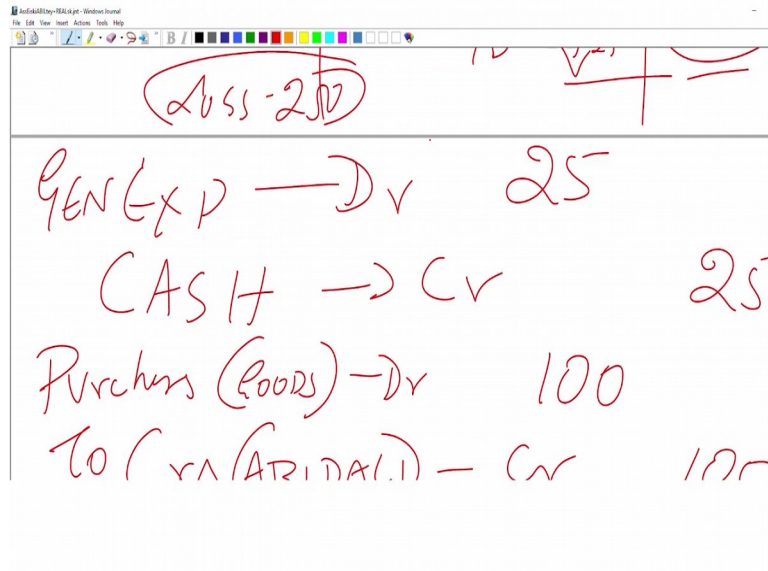
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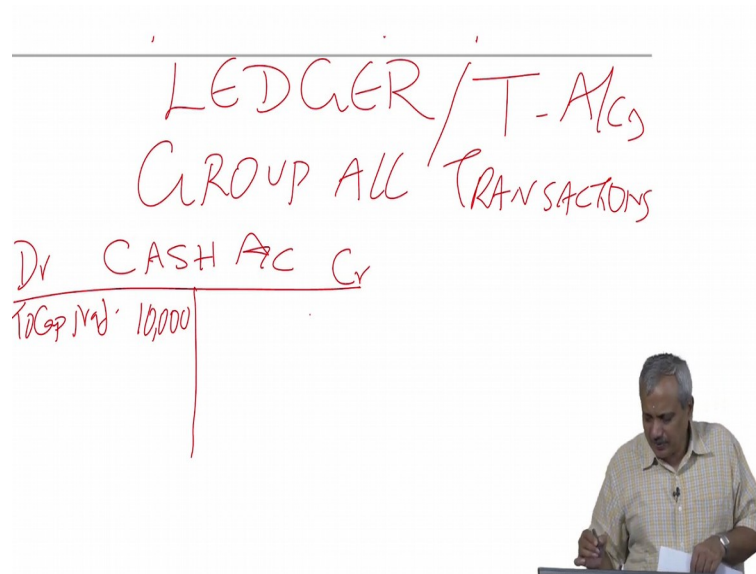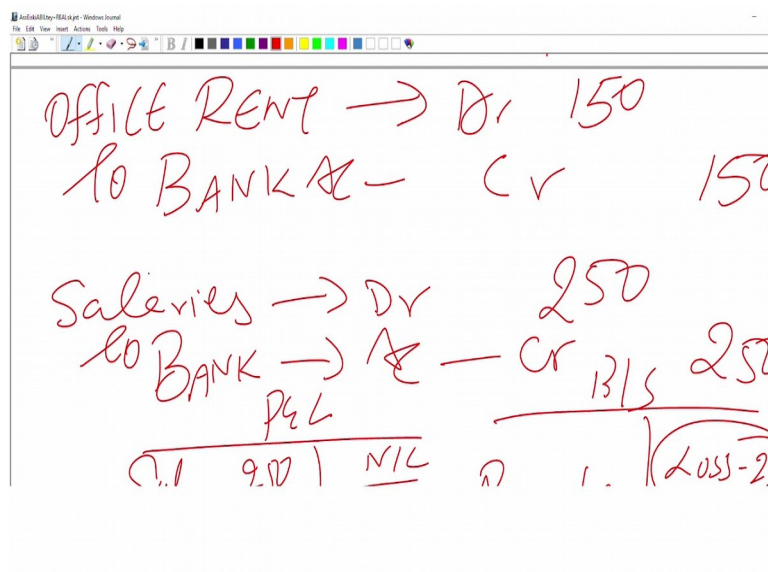

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For example, in the last class what we see, what we saw is, we saw n number of transactions related to cash for example, these are the last transaction related to cash. We saw one more transaction related to cash out here; we saw some more transactions related to bank account to independent transactions. Then we saw some more transactions and cash and so on and so forth out there.

If what we are trying to do out here, all these transactions are basically beautifully posted and presented that is what we for the purpose of teaching I use what is called as our write on the board out here for basically for our own understanding. I have basically posted all these things in an excel sheet which is also available for you to download as well as cross check, then in the excel sheet whatever is there it will be little more legible in that excel sheet out there.

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CASH A/c — Dr   1000
    TO BANK — Cr   1000

AMARNATH'S LOAN A/c D   Dr   Cr
                                            200
CASH A/c — Cr   200

Purchase (GOODS) — Dr   300

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So, all these are what we call it as beautifully posted in what is called as an excel sheet out there, which is more legible easy for you to understand. This is also available on the website for this particular week. You can just download it and check in case you are not able to follow my writing out here basically what we have written out here. That is the purpose.

The same thing I would do for the ledger account also. We will drop all the ledger accounts right here with using what is called as a pen and a board out here and we will also post rate a little more legibly and then excel sheet in the as a separate file which you can download. It will exactly be the same what we are doing out here. So, what we are trying

to do in a ledger is in a lecture we consolidate all these transactions together. For example, we say n number of transactions related to cash.

So, all that I am trying to do is, I am trying to consolidate all the transactions related to cash in one particular window out here. The objective is that will help me assess, that will help me know what is the kind of cash balance that is there at every point of time. So, in short what do we do, how frequently we do this ledger account. It is another name is some text book, some I mean western textbooks, instead of using what is called as ledger, they will use it as what is called as T accounts. They also call it as T accounts out here and reason it is a each account is in the form of T etcetera they call it that is what do you do you in moment a transaction takes place you enter the transaction in a journal like what is debited and what is credited like we had what we end what we saw in the last class.

Now, subsequently at every periodic interval for example, when I say periodic interval every week, depending on the size of the organization it could be every week it could be every day, it could be every month, it could be every fortnight, what do you do is you group all these transactions. When I say group all these transactions, group all these bring all these together which are pertaining to a particular aspect out here. Say cash, all cash transactions together, all bank transactions together and so on and so forth.

So, let us take for example, let us take from this journal entries whatever we did in the last class out here and let us take. The first transaction what we entered we said that cash account debited to capital of Nadkarni account rupees what do you call it as about 100 we call it about its about 10000 rupees is the first journal entry. If you go back and a take a look at it that is the first journal entry in fact, what we basically passed out here. Let me just go out here that is in fact, the first journal entry that we basically pass out here cash to Nadkarnis capital rupees 10000.
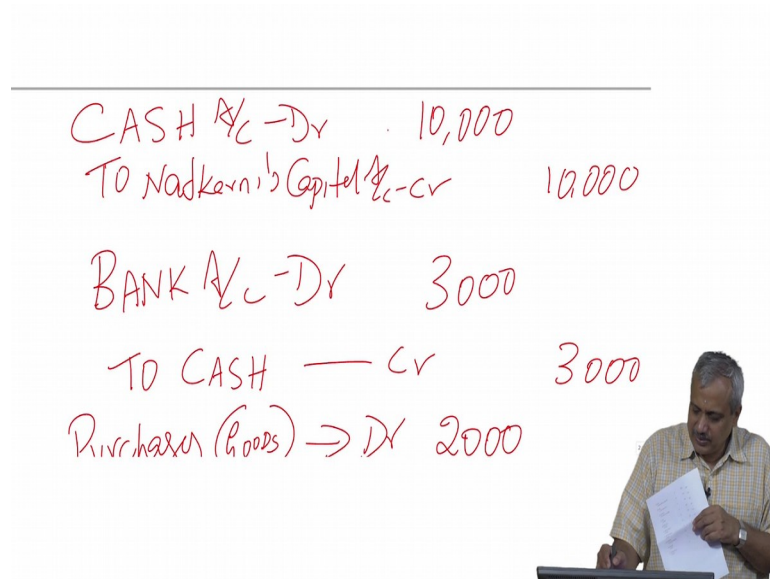
So, what am I trying to do, I am trying to post this in what is called as a ledger account out here. When I try to post this in a ledger account out here what do I do, I draw what is called as the first and foremost, I call it what is called as a cash account. This is why it is called as T normally this side is what we call as credit, this side is what is debit. In this particular case cash account has been debited, cash account has been debited to capital of Nadkarni; that is about 10000.

So, anything pertaining to cash I will bring it under this particular T out here. Anything pertaining to cash I will bring it under this particular T in this. In short I will I might let me see one thing let me just sort of move to the next page, because we will say when we say cash account it will have too many cash accounts out here. I think I will just move to the next page itself and basically write it, let me just sort of erase this part of it and then let me sort of go to the next page and then let me write it for better, because we will have lot of transactions which have cash out here.
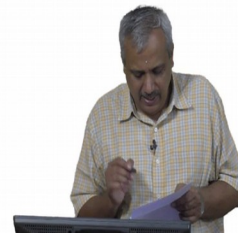
So, I am just moving to the out here and then I will just say basically say cash account, sorry I think yeah, cash account credit, debit to capital of Nadkarni rupees 10000, first a transaction out. Now only one part of the transaction we have entered. It says cash account has been debited to capital. At the same time I have to prepare what is called as capital account, Nadkarnis capital account.

The same principle credit and debit out here. Capital account of Nadkarni that is in this way in bracket if I want to I will write Nadkarni capital account of Nadkarni is been credited, because here you will see it has been credited. In fact, if you go back to the journal edge if you go back to the journal out here. You will actually see that capital account of Nadkarni has been credited out here; capital account basically credited capital account credited by what is called as cash out here.

So, let me go back to the same journal out here in this particular case and this is capital account has been credited by cash rupees 10000 out here. Now let us keep it this way, let me move to the next transaction. Next transaction and next journal entry if you look at in this particular case this kind of journal entries what you had deposited in the bank that is what we have to have returned is bank account debited to cash account.

That means, what is happening bank cash account has been credited by what is called as bank account and how much is it, it is about 3000 out here. So, I am just drawing of what is called as by cash account has been credited by my bank account out here that is rupees 3000 in this particular case. So, what is basically effectively happen cash was 10000, now credit is 3000; that means, cash is balance is only 7000, that is what this account will basically tell you. So, what have I done? I have basically grouped all these transactions basically together out here. So, in this particular case I just have to add one more sheet out here.

So, what have I done? I will draw what is called as a bank account out here. Again same thing debit and credit; bank account has been debited to what is called as cash rupees 3000. So, now, the first and the second transaction is completed. Third transaction, purchases through what is called as creditors. If you read the entry, it says that bought goods from e engineers. When you good buy the goods that is for each of these aspect, I will open what is called as an account out there.

Now, I will say purchases account; creditor, debit out their purchase account has been debited to what is called as creditors, in sort e engineers out here and the amount basically is about 2000. Now I will also have to open because purchase and creditors I will also have to open what is called as a creditors account out here in this particular case. So, let me go to what is called as let me go to the next page and then let me also what is called as open what is called as creditors account out here I am just adding more pages out here and then let me say I will also add what is called as my creditors account.

Now, again same credit and same debit and then I will say my creditors account has been credited by what is called as purchases of what is called as e engineers and then the amount value is about 2000 this is what I am doing now is nothing, but I am posting this particular journal entry into what is called as a ledger account. I am posting this journal entry into a ledger account that is I am grouping all this in the form of a ledger in the form of what is called as under each of these accounts.

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To be very (Refer Time: 11:16) I will sort of do on the board out here, but for your reference I will load a file which will have all these things very clearly, what is called as more legibly written out and I will load an excel sheet with regard to your journal entry also in basically out here. So, continuing out here continuing out here now I moved to the next fifth transaction out here. Fifth transactions says, sold goods to Vijay Merchant for cash, sold goods to V Raghavan for cash.

When you sell goods to V Raghavan for cash what is journal entry you wrote cash account debited go back and check cash account debited to sales account of V Raghavan account. So, what do we do? So, I will just go to my cash account out here, cash account has been debited to what is called as sales out here; that means, cash whenever there is a debit balance your cash balance is basically increasing out here. Whenever there is cash, whenever there is a cash balance your debit balance is basically increasing out here.

If I move on further, what do I do? I have to open what is called as a sales account also in the process again debit and credit. What happens? My sales account has been credited, by what is called as cash, how much is the amount? 700 out there. So, what have I done? I have grouped all these transactions together, that is the idea. What is the benefit of all this? Now if I have to say what is the benefit of all this, what did we do we brought the creditors out here.

Now, at the end of a month, at the end of the period all I have to do is I have to total these creditors account to you know what is the amount of creditors that is there on my in my books out there which will go directly into the balance sheet. If I need to know what is the total sales that has happened in this particular company, all I have to do is I would take this part of my sales account out here and then total all this credit balance ok. Because every time there is a sale it is a credit balance out here I have total all this that will basically give me nothing, but the total sales in this particular company out there that is a basic idea of this particular the of this particular entry out there.

Even if you look at the fifth transaction out here; the fifth transaction says sold goods to Vijay Merchant out there. What are the journal entry we have had? Debtors that debtors that is debtors to sales, if you let me take a look at the particular transaction itself for the benefit of; you will see this is basically what we have out here that is debtors that is to

Vijay Merchant to sales that is goods to be 700 is what with the journal entry what we have.

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So, all that I am doing is, I am just to posting that in basically my ledger account out here. I am a creditors account, I am a sales account. So, sales account has been credited by what is called as debtors in this case Vijay Merchant out here; again it is rupees 700. So, what happens, I need to open now I thought I open a I have a creditors account out here, I need to open another account that is what we call it typically as in this particular case I need to open another account that is basically in this particular case I need to say I will open what is called as a debtors account. Same thing credit, debit; debtors account has been debited to basically sales, when I say sales its out here it is basically Vijay Merchant rupees 700. The transaction is basically over. Let me write it a little more properly.

Now, if I move to the next sixth and the seventh transaction put together; that is what we took sixth seventh transaction we took because there is a discount; received cash from Vijay Merchant 680, allowed a discount of 20 rupees allowed discount to Vijay Merchant rupees 20. In fact, if we look at the journal entry out there what we entered cash account debited, discount account debited to debtors account let me go back and check for your benefit out there out here.

Cash account debited, discount given account debited to Vijay Merchant account about that is debtors account about 700. This is the transaction journal entry what we actually entered out there, let me go out here and then do the same journal posting out here. So, what happens in this particular case, if you look at that debtors account has been credited by what is called as cash rupees 680 by discount rupees 20.

Now I will go to my what is called as my cash account out here in this particular case, I am sorry, I will go to my cash account in this particular case go down a little bit. If you look at in this particular case, cash account has been debited to what is called as debtors account that is Vijay Merchant account rupees 680 not 700, 680 because cash you have again the cash entries only 680 and then I will say the next account I will have is what is called as discount account. Discount account has been debited to what is called as debtors that is 20 dollars out here.

So, this transaction is complete. I have entered all the three; cash, debtors, as well as discount out there. Let me go to the next transaction; that is eighth transaction out here. If I have to read the eighth transaction, it says sold goods to Jaya Simha for rupees 600. Again, what is happening; there is a sales account, there is a debtors account out here because there is a sold sales or credit. Debtors account to what is called as sales Jaya Simha; that is basically the amount in this particular case is roughly 600 out here and then if I go they do the same thing out here I need to open what is called as a sales account, sales account I already have opened out here. In this particular case all that I am doing is I am just going out here and then I will say by sales account has been creditor by what is called as debtors out here and that is nothing, but 600 and that is Jaya Simha.

If we actually see this excel I have basically entered this particular sales account out here you can actually see this part of it out here. In this particular case you will see that debtors so, Jaya Simha 600. Basically clearly entered out here that is for the purpose of ease of understanding I am just writing this transactions otherwise you can always refer to this basic excel out here.

Next I read the ninth transaction out here. If I read the ninth transaction, it says received a check from Jaya Simha on account rupees 300 out here, received check from Jaya Simha on account rupees 300. Let me just make a check if I have entered yeah received a check from Jaya Simha on account rupees what is called as a for example, for a amount of about 300 in the process.

Now, there is a bank account debtors account is credited what we see by what is called as a bank account and then by how much by about for sorry 500 out here and then by about 500 I have done it out here and then I go back to my bank account. Bank account has been debited to what is called as my debtors out here, debtors out here and that is 500 out there. Now I move to the tenth and the eleventh transaction together put together out here. I will say paid e engineer on account rupees 1000 and then I received discount of payment of e engineer to payment e engineer rupees 30.
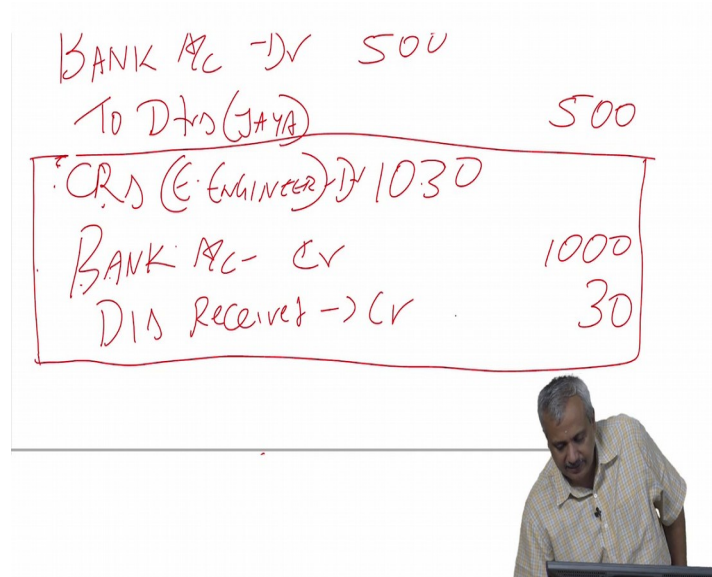
You go back to the journal entry what we did for this particular aspect out here? You go back to the journal entry what we did, what did we do here? Debtors and then bank and then what is called as received; that is go to the entry out here. What is the entry out here tenth and eleven? Paid e engineer; when you pay e engineer what is happening debit the receiver, that is who is engineering e engineer is receiving the money debit the receiver, credit the giver who is give that is debit what comes in credit what goes out what is going out bank account is going out. I have credited it by 1000.

Debit all expenses and losses credit all incomes and gains that is what is at this 30 rupees what you have received is an income that is where I have credited out here, that is debtors account debited bank account credited discount received account credited out there. That is what we have.

So, what do I do? I go back to my journal entries out here and then I just say, my what do you call it as my debtors account basically if I how to say this in this particular case, if I sort of move on out here in this particular case out here my basically the I mean in this particular case if you actually see this in this particular case; again read the transaction paid e engineer; what is e engineered, e engineer is basically creditor I am sorry that is I think that was an error out there that is a creditor out there paid e engineer a creditor out there.

So, what is happening my creditor out there if I have a creditors account out here what is happening, my bought goods from e engineer rupees 2000. Now I have paid e engineer creditors account to what is called as my bank account that is how much is it these about roughly about 1000 dollars is what I have paid and then others I have received as a discount of 30 dollars out here, that is fine. So, what is happening? That is creditors account debited to bank account, creditors account debited to discount account rupees 30, both you can see out here.

Now, I go to the bank account and the discount account. I go to the bank account, bank account has been credited by what is called as creditors rupees 1000 out there and then I go to the discount account. Discount account has been credited by what is called as my creditors out here. How much; that is about 30 dollar out here. I am sorry I think there was a small mistake out here, I think yeah I think this is not debtors out here I think this is what is called as creditors out here. Sorry that is a small mistake what I made I am sorry that is corrected in the excel sheet what you have, that is we will basically see that in the process out here.

So, if I move further on this, if I move finished a 10th and the 11th transaction, I am moving to what is called as the twelfth transaction out here. 12th transaction says bought goods from Subramanyam. That is even if you look at you are your journal entry what did you pass out here journal entry what you pass this purchases to creditors; purchases debited to creditors what is called as Subramanyam. What is the amount? The amount is only about roughly 900 in this particular case. I go to my creditors account and then say creditors account has been credited by purchases of Subramanyam, that is about amount is about 900 in this particular case out here. Am I with you on this?