

LEDGER ACCOUNTING AND TRIAL BALANCE

LECTURE EXAMPLE

A business commenced on 1st January 2005 , the following transactions occurred in the first month of trading :

1 Jan	£6000 of the owner's personal savings were invested in the business' bank account
2 Jan	£600 cash was spent on the purchase of a motor vehicle
3 Jan	£1200 cash was spent on fixtures and fittings for the business
8 Jan	£1000 stock was purchased on credit
12 Jan	£ 400 stock was purchased for cash
15 Jan	Goods were sold to a customer on credit for £2800
20 Jan	Rent of £450 cash was paid for
22 Jan	Goods were sold to a customer for £600 cash
27 Jan	Wages of £800 were paid in cash
30 Jan	£2000 was received for a customer who had been sold goods on credit

REQUIREMENT

Post the transactions to the relevant ledger accounts for the month and extract a trial balance at the month end

BANK

1-1	CAPITAL	6000	2-1	VEHICLE	600
22-1	SALES	600	3-1	FIXTURES	1200
30-1	DEBITORS	2000	12-1	PURCHASES	400
			20-1	RENT	450
			27-1	WAGES	800
			31-1	Bal c/f	5150
		<u>8600</u>			<u>8600</u>
		<u><u>8600</u></u>			<u><u>8600</u></u>
-2	Bal b/f	5150			

CAPITAL

31-1	Bal c/f	6000	1-1	BANK	6000
		<u>6000</u>			<u>6000</u>
		<u><u>6000</u></u>			<u><u>6000</u></u>
			1-2	Bal b/f	6000

PURCHASES

8-1	CREDITORS	1000	31-1	TO	1400
12-1	BANK	400		P+L A/C	
		<u>1400</u>			<u>1400</u>

CREDITORS

31-1	Bal c/f	<u>1000</u>	8-1	PURCHASES	<u>1000</u>
			1-2	Bal b/f	1000

SALES

31-1	To	3400
	P+L A/c	
		<u>3400</u>
		<u><u>3400</u></u>

15-1	DEBTORS	2800
22-1	BANK	600
		<u>3400</u>
		<u><u>3400</u></u>

DEBTORS

15-1	SALES	2800
		<u>2800</u>
		<u><u>2800</u></u>

30-1	BANK	2000
31-1	Bal c/f	800
		<u>2800</u>
		<u><u>2800</u></u>

1-2 Bal b/f 800

MOTOR VEHICLES

2-1	BANK	<u>600</u>	31-1	Bal c/f	<u>600</u>
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1-2	Bal b/f	600
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FIXTURES

3-1	BANK	<u>1200</u>	31-1	Bal c/f	<u>1200</u>
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1-2	Bal b/f	1200
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RENT

20-1	BANK	<u>450</u>	31-1	TO	<u>450</u>
				P&C A/C	

WAGES

27-1	BANK	<u>800</u>	31-1	TO	<u>800</u>
				P&C A/C	

TRIAL BALANCE AT 31-1--05

	DR £	CR £
Bank (ASSET)	5150	
Capital (CAPITAL)		6000
Rent (EXPENSE)	450	
Wages (EXPENSE)	800	
Sales (INCOME)		3400
Debtors (ASSET)	800	
Purchases (EXPENSE)	1400	
Creditors (LIABILITY)		1000
Motor Vehicles (ASSET)	600	
Fixtures (ASSET)	1200	
	<u>10400</u>	<u>10400</u>