24. THE LEDGER

The topic entails:

- **Meaning and purpose of ledger**
- **Record information in relevant ledgers**
- **Explain the concept of double entry as the basis of making entries into the ledger.**
- **Discussing the rule of recording transactions in various ledger accounts.**
- **Discussing procedure of balancing ledger accounts and explain the uses of the various columns.**
- **Preparation of trial balance from the ledger account balance.**
- **Discuss purpose and limitations of a trial balance.**
- **Classify ledger accounts and discuss the various types**.

1. Prepare Betty's trial balance from the following information

Items	**ksh**
Purchases	130,000
Capital	150,000
Sales	165,000
Debtors	45,000
Creditors	40,000
Motor vehicles	120,000
Stock	50,000
Cash at bank	10,000

2. Identify the situation in which the following types of ledgers are appropriate:

i) Creditors ledger
ii) Private ledgers
iii) Normal ledger

3. The following balances were extracted from the books of Nyatike Traders Limited as at

31st January 2010	**Kshs.**
Discount allowed	5,000
Buildings	250,000
Return outwards	6,000
Purchases	74,000
Creditors	20,000
Drawings	16,000
Capital	319,000

Required: Prepare Nyatike Traders Ltd trial balance as at that date

]4. The following information relates to Kebirigo Traders as at 31st December, 2009

	Kshs.
Buildings	100,000
Debtors	54,000
Capital	136,000
Sales	85,000
Purchases	48,000
Stock 1 Jan.2009	25,400
Creditors	35,700
General expenses	31,800
Bank overdraft	2,500

Prepare a trial balance as at 31st December, 2009

5. The following trial balance was prepared by an incompetent book keeper thus failed to balance

Account	**Dr.**	**Cr.**
Fixed assets		250,000
Purchases		80,000
Sales	120,000	
Debtors	22,000	
Stock	60,000	
Creditors		45,000
Capital	247,000	
	449,000	375,000

6. Outline **four** errors in a trial balance although present it would still balance

7. Given below is a list of subsidiary ledgers:

   General ledger

   Nominal ledger

   Purchases ledger

   Sales ledger

   Cash book

Indicate in which ledger the following accounts should be recorded

8. Record the following transactions in the relevant ledger accounts for the month of June, 2009

June 1: invested shs.100,000 cash in a retail business

June 2: Obtained a co-operative loan of Shs.20,000 cash

June 3: bought furniture Shs. 70,000, paying Shs.40,000 cheque and the balance in cash

	Account	**Subsidiary ledger**
a)	Return inwards	
b)	Discounts received	
c)	Drawings	
d)	Juma a supplier	
e)	Ombichi a distributor	
f)	Bank	

9. The following transaction took place in the business of Highlands Retail in the month

of June 2008

1.6.2008-commenced business with Kshs. 120,000 in cash

4.6.2008-transferred kshs66, 000 from business till to the bank

13.6.2008-brought his private furniture worth kshs. 15,000 into the business for business use

28.6.2008-borrowed a loan in cash kshs.40, 000

Required: Post the transactions into the relevant ledger account

24. -THE LEDGER

1. Mr. Omanda started a business in January 2000 with cash in hand 100,000. The following

transactions took place during the year:-

January: Bought stock by cash Kshs.20,000
February: Sold goods on credit Kshs.30,000
March: Opened a bank account by banking cash Kshs.60,000
April: A debtor returned goods worth shs.5,000
May: Bought goods Kshs.70,000 on credit
June: The owner took cash Shs.10,000 to pay his children school fees

2. Record the following transactions in the relevant ledger accounts, balance the account

and extract a trial balance

Date	**Transaction**
1/4/2007	Mary started business with shs.80,000 cash
2/4/2007	Bought stationery for shs.4,000 and paid in cash
3/4/2007	Opened a bank account and deposited shs.50,000 from the cash till
4/420007	Bought motor vehicle worth shs.250,000 from Lucy motors on credit
5/4/2007	Bought postage stamps for shs.60 in cash

3. The following information relates to Ndhiwa resort traders for the month of November 2009:-

November, **1**.started a business with shs 160,000 cash
2. Purchases shs.120,000
3. Made sales in cash shs.126,000
4. Paid for electricity shs.1000 in cash
5. Received rent of shs.37 500 in cash
6. Gave discount of shs.6,000 in cash

Required :- i) Post the above information in the relevant ledger accounts and balance them off

ii) Extract a trial balance