



Subject-Accounting

Grade-12

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Competency 4.0 – Posts transactions to the ledger using prime entry books.

Competency Level 4.8 – Indicates relationship between Control accounts and Subsidiary Ledgers.

- 1) From the statements below select what is not an objective for the maintenance of a subsidiary ledger
  - (i) To prevent the General Ledger becoming excessively large.
  - (ii) To minimize the possibility of errors.
  - (iii) The Trial Balance not being too long.
  - (iv) To assist management decision making.
  - (v) To minimize the cost of maintaining accounts.
  
- 2) Consider the following transactions that took place in Sanduni's business during the month of January 2017 and answer the questions below:

| Debtor       | Balance on 2017/1/1 | Total Sales      | Credit Sales out of Total sales | Returns Inwards | Cash received  | Discount allowed |
|--------------|---------------------|------------------|---------------------------------|-----------------|----------------|------------------|
| Ashen        | 20,000              | 400,000          | 80%                             | 30,000          | 90,000         | 10,000           |
| Rashini      | 30,000              | 500,000          | 70%                             | 40,000          | 180,000        | 20,000           |
| Pasindu      | 40,000              | 600,000          | 50%                             | 30,000          | 180,000        | 20,000           |
| Ravidu       | (10,000) credit     | 700,000          | 60%                             | 20,000          | 300,000        | 20,000           |
| <b>Total</b> | <b>80,000</b>       | <b>2,200,000</b> |                                 | <b>120,000</b>  | <b>750,000</b> | <b>70,000</b>    |

**Required:**

1. Receipts Journal, Sales Journal, Returns Inwards Journal
  2. Relevant account in the General Ledger
  3. The relevant accounts in the Debtors subsidiary ledger and list of balances.
- 3)
- (i) To write 4 advantages of maintaining a subsidiary ledger.
  - (ii) To indicate the problems that could arise if a large business organisation does not have subsidiary ledgers for debtors and creditors.
  - (iii) To indicate the source documents and books of prime entry that are associated with individual transactions. Use the following format for this purpose.

|   | Transaction        | Source document | Prime book      |
|---|--------------------|-----------------|-----------------|
| 1 | An opening balance | Journal Voucher | General Journal |
| 2 | Credit purchases   |                 |                 |
| 3 |                    |                 |                 |

