



Subject-Accounting

Grade-12

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

Competency Level 4.10 – Rectifies the errors that occur in recording transactions.

Indicate whether the following statements are True (T) or False (F).

- i. When the value of a transaction is recorded in the book of prime entry at a higher value there is no effect on the balancing of the Trial Balance ()
- ii. The non-recording of drawings of goods by the owner in the books has no impact on profitability. ()
- iii. After a difference in the Trial Balance is transferred to a Suspense a/c and after the correction of errors the Suspense a/c balance becomes zero ()
- iv. The reasons for a balance in the Suspense a/c do not impact on profits ()
- v. What is relevant to the correction of net profit are only changes to income and expenses. ()

Given below are the accounting errors that occurred in Muditha's business for the year ending 2017/03/31.

- i. An invoice for Rs.30,000 in respect of credit sales to Ashan has not been recorded.
- ii. Repairs to buildings costing Rs.12,000 has been debited to the Buildings a/c.
- iii. Payment of Rs.2,000 for electricity has been posted twice.
- iv. Purchase of a stock of goods for Rs.18,000 on credit from Pasindu has been entered in the Purchases Journal as Rs.8,100.
- v. A cash sale of Rs.4,000 has been correctly entered in the Cash Receipt Journal but not recorded in the Sales a/c, while a payment of Rs.24,000 to Ravindu has been correctly recorded in the Cash Payments Journal but debited to Ravindu's a/c as Rs.20,000.

Required:

1. Show the Journal entries to make the necessary corrections.
2. If the draft accounts of Muditha's business show a net profit of Rs.128,000 for the year ended 2017/03/31 prepare a statement correcting the net profit

