

Appendix to Chapter 5

Special journals, subsidiary ledgers and control accounts

Discussion questions

- 1** The purposes served by special purpose journals are to:
 - i** allow an efficient recording process for common transactions.
 - ii** enable amounts to be posted to the general ledger as totals rather than as individual journal entries.
 - iii** enable information such as invoice of receipt number to be recorded in special columns provided for the purpose.

As a result of the use of special purpose journals the following control information could more readily be made available to management:

 - i** credit sales to date and cost of goods sold.
 - ii** credit purchases of inventory, fixed assets or items charged to expense accounts.
 - iii** cash receipts from customers, cash sales and discount allowed.
 - iv** cash payments to customers, cash purchases, discount received and various expense accounts.
- 2** A specialised journal should be brought into use rather than placing entries in the journal when transactions with common elements occur frequently, e.g. cash collections or credit purchases. The need for a general journal is never eliminated as it is needed for:
 - opening entries
 - closing entries
 - balance day adjustments
 - correction of errors.
- 6** A subsidiary ledger collectively represents a detailed analysis of one general ledger account classification. The relevant ledger account in the general ledger is known as a control account.
- 7** The advantages of a subsidiary ledger are as follows:
 - i** direct responsibility for specific sub-systems;
 - ii** errors localised and detected more easily;
 - iii** detailed records are available without expanding the general ledger unduly;
 - iv** ledgers containing confidential information may be maintained by senior staff;
 - v** different data processing methods appropriate to the respective volumes of transactions may be employed for recording the various ledgers; and
 - vi** internal check can be strengthened by separation of duties and comparison of independently prepared records.

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ACCT5001 - Week 6 - Self Study Question Solutions.
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Problems

Problem A5.1

Debtors control					
2012		\$	2012	\$ Ca	
Jul 1	Balance	4,850	Jul 31	sh	9,253
31	Freight outwards	22		Bills receivable	420
	Sales	8,626		Discount expense	78
		<u>13,498</u>		Balance c/d	<u>3,747</u>
Aug 1	Balance b/d	3,747			<u>13,498</u>

Creditors control					
2012		\$	2012	\$ Balan	
Jul 31	Cash	6,575	Jul 1	ce	3,976
	Discount revenue	56	31	Purchases	6,945
	Balance c/d	<u>4,315</u>		Interest expense	<u>25</u>
		<u>10,946</u>			<u>10,946</u>
			Aug 1	Balance b/c	4,315

Problem A5.4

Jupiter Ltd Cash receipts journal					
Date	Particulars	Bank	Discount allowed	Accounts receivable	Cash sales
		Dr \$	Dr \$	Cr \$	Cr \$
3 June 2012	Milky Way	1,070	30	1,100	
8 June 2012	Cash sales	500			500
15 June 2012	Mars	6,900	100	7,000	
29 June 2012	Constellation	7,800	200	8,000	
Total		16,270	330	16,100	500

Jupiter Ltd Cash payments journal					
Date	Particulars	Bank	Discount received	Accounts payable	Cash purchases
		Cr \$	Cr \$	Dr \$	Dr \$
2 June 2012	Venus	6,000		6,000	
10 June 2012	Sun	3,960	40	4,000	
16 June 2012	Cash purchases	3,000			3,000
30 June 2012	Mercury	5,000		5,000	
Total		17,960	40	15,000	3,000

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