6.2.4 THE LEDGER

- Prepare ledger accounts.
- Post transactions to the ledger accounts.
- Balance ledger A/c’s as required & make transfers to final A/c’s.
- Interpret ledger accounts and their balances.

2. Explain why there could be a Cr balance on a bank A/c, but not the cash account.

Can withdraw more money from the bank than put in as we can take an overdraft. However, we cannot take more cash than is physically present.

2. State why it is useful for a business to maintain a sales journal.

- To reduce the number of entries in the sales A/c.
- It allows work to be shared by several people.
- Provides a list of credit sales.
- A/c which is kept to check for fraud or error in the book-keeper’s work.
- Sales ledger control A/c.
Q. Why would a ledger be divided into different sections?

- To allow division of work
- For easier reference
- Reduces the possibility of frauds