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This is shown below:

Sales Ledger   **General Ledger**

S Spikes   General Account

19x8		Sh.	19x8	Sh.		19x8		Sh.	19x8			Sh.
1/3	Sales	200							5/3	Credit sales for period		700

Sales Ledger

T Binus

19x8		Sh.	19x8
3/3	Sales	350	

L Thompson

19x8		Sh.	19x8	Sh.
3/3	Sales	150		

Example 1.3

You are to enter up the sales journal from the following details. Post the items to the relevant accounts in the sales ledger and then show the transfer to the sales account in the general ledger.

2003
Mar	1	Credit sales to J Gordon	Sh.1,870
"	3	Credit sales to G Abrahams	Sh.1,660
"	6	Credit sales to V White	Sh.120
"	10	Credit sales to J Gordon	Sh.550
"	17	Credit sales to F Williams	Sh.2,890
"	19	Credit sales to U Richards	Sh.660
"	27	Credit sales to V Wood	Sh.280
"	31	Credit sales to L Simes	Sh.780

f) *Compensating Errors*

These are errors that tend to cancel out each other i.e. if the effect of one error is to understate the debits or credits then another error may take place to overstate the debits or credits by the same amount, hence canceling out each other. E.g. if the balance c/d of the purchases a/c is Sh.3,980 but shown in the trial balance as Sh.3,890 and another error carried to the trial balance of fixture amounting to Sh.4,540 instead of Sh.4,450:

	Sh.
Purchases	3,980
	3,890
	(90)

	Sh.
Fixtures	4,450
	(4,540)
	90

This type of error is corrected by use of a suspense account.

Example 5.1

Give the journal entries needed to record the corrections of the following. Narratives are required.

a) Extra capital of Sh.10, 000 paid into the bank had been credited to Sales account.
b) Goods taken for own use Sh.700 had been debited to General Expenses.
c) Private insurance Sh.89 had been debited to Insurance account.
d) A purchase of goods from C Kelly Sh.857 had been entered in the books as Sh.587.
e) Cash banked Sh.390 had been credited to the bank column and debited to the cash column in the cashbook.
f) Cash drawings of Sh.400 had been credited to the bank column of the cashbook.
g) Returns inwards Sh.168 from M McCarthy had been entered in error in J Charlton's account.
h) A sale of a motor van Sh.1, 000 had been credited to Motor Expenses.

Solution
The Journal

	Debit	Credit
Sales	10,000	
Capital		10,000
Additional capital passed into sales a/c now transferred to capital a/c		
Drawings	700	
General expenses		700
Drawings debited in general expense now transferred to drawing a/c		