

## 2. Creditors Control Account

The Creditors Ledger Control Account of K O'Shea showed the following balances - €17,550 cr and €630 dr on 31/12/2007. These figures did not agree with the Schedule (List) of Creditors' Balances extracted on the same date. An examination of the books revealed the following

- (i) K O'Shea had received an invoice from a supplier for €510. This had been entered in the appropriate day-book as €570. However, when posting from this book to the ledger, no entry had been made in the personal account.
- (ii) A credit note was received from a supplier for €120. The only entry made in the books was €102 credited to a creditor's account.
- (iii) A creditor had charged K O'Shea interest of €76 on an overdue account. The only entry made in the books for this interest had been €67 credited to the creditor's account. After a complaint by K O'Shea this charge had been reduced to €50 but this reduction had not been reflected in the books.
- (iv) Cash purchases by K O'Shea of €140 had been debited to a supplier's account.
- (v) K O'Shea had returned goods €110 to a supplier and entered this correctly in the books. However, a credit note arrived showing a deduction of 10% as a restocking charge. The total amount of this credit note was debited to the creditor's account and €90 was entered on the incorrect side of the nominal ledger.
- (vi) Discount disallowed by a supplier of €32 had been treated as discount received in the books.

### **You are required to:**

- (a) Prepare the Adjusted Creditors Ledger Control Account. (24)
- (b) Prepare the Adjusted Schedule of Creditors showing the original balance. (30)
- (c) Outline the advantages of Control Accounts to a firm. (6)

**(60 marks)**