

4. Debtors' Control Account

The Debtors Ledger Control Account of S. Ellis showed the following balances - €26,220 dr and €514 cr on 31/12/2009. These figures did not agree with the Schedule (List) of Debtors' Balances extracted on the same date. An examination of the books revealed the following:

- (i) A cheque for €630, received from a customer in full settlement of a debt of €690, had been entered correctly in the books. However, this cheque was dishonoured but no entry had been made in the books relating to the cancelled cheque.
- (ii) Cash sales €2,500 and credit sales €710 had both been entered by Ellis on the credit of a customer's account.
- (iii) Ellis had charged a customer interest amounting to €71 on an overdue account. The only entry in the books for this interest had been €17 credited to the customer's account. After a protest this interest was reduced to €50 but this reduction had not been reflected in the accounts.
- (iv) Ellis had accepted sales returns €550 from a customer and entered this correctly in the books. However, a credit note was sent out by the secretary showing a restocking charge of 10% of sales price. The secretary made the necessary adjustment only in the customer's account. Later this charge was reduced to 8% but this reduction was not reflected in the accounts.
- (v) Ellis had sent an invoice to a customer for €1,240. This had been entered in the appropriate day book as €1,420. However when posting from this book to the ledger no entry had been made in the customer account.
- (vi) Discount to a customer €85 was disallowed and had been treated as a discount allowed in the discount account and personal account.

You are required to show the following:

- (a) Adjusted Debtors' Ledger Control Account. (35)
- (b) Adjusted Schedule of Debtors showing the original balance. (25)

(60 marks)