
Control Accounts

Debtors

W. McGuinness

2016

Step By Step Approach

TO START THE QUESTION

To start the question we have a look at the start of the question and check what the opening balances are. For this question the opening balances are €27,000 dr and €650 cr. These will be the opening balances in the control account

| Adjusted Debtors Control Account | | | |
|----------------------------------|--------|-------------|-------|
| Details | Total | Details | Total |
| Balance b/d | 27,000 | Balance b/d | 650 |

Adjustment (i) - Discount allowed

Discount allowed to customer of €120 has been treated as discount disallowed €210 in the general ledger. No entry was made to the customer's account

REMEMBER

Control Accounts are drawn up from the books of first entry - sales, purchases, returns and also from certain accounts from the general ledger for example - interest, discounts

List/Schedule are drawn up from the individual/personal account balances of the customers and suppliers

So as the general ledger and customer' account has been mentioned in the question we will have to adjust the control account and the schedule (list)

Explanation

1. Discount allowed €120 (expense) was given to a customer but we recorded it as discount disallowed €210 (did happen)
2. we haven't record the €120 in the customer's account

Did happen

- | | | | |
|--------------------|------------|-----------------|-----------------|
| 1. Control Account | Debit €210 | as per question | (This is wrong) |
|--------------------|------------|-----------------|-----------------|

| |
|-------------------|
| Did Happen |
|-------------------|

| Control Account | |
|-----------------|-----|
| (+) | (-) |
| €210 | |

Explanation

- As the schedule (list) is drawn up from the individual/personal account balances of the customers and suppliers - discount will decrease what they owe us so, we need to decrease the list by €120 (remember no record has been made of this in the customer account as per the question)
- As the control account is drawn up from the books of first entry - sales, purchases, returns and also from certain accounts from the general ledger for example - interest and discounts, we will have to decrease the control account as well

| |
|----------------------|
| Should happen |
|----------------------|

The following should have happened for this adjustment

- | | | | |
|--------------------|-------------|-----------------|-------------------|
| 1. Schedule (list) | Credit €120 | as per question | (This is correct) |
| 2. Control Account | Credit €120 | as per question | (This is correct) |

| |
|----------------------|
| Should Happen |
|----------------------|

| Schedule (list) | |
|-----------------|------|
| (+) | (-) |
| | €120 |

| Control Account | |
|-----------------|------|
| (+) | (-) |
| | €120 |

| |
|---------------|
| Fix it |
|---------------|

Step 1

First of all, we have to fix the did happen section (remember this is wrong so to fix it or cancel the posting we put the same figure on the opposite side)

This is what did happen (See blue numbers below) (see did happen section)

1. Control Account Debit €210 as per question (This is wrong)

So, to fix it (See bold numbers below)

1. Control Account Credit €210 (Correction)

This is cancelling the did happen transaction and give a balance of zero in the relevant account

Fix It

| Control Account | |
|-----------------|------|
| (+) | (-) |
| €210 | €210 |

Step 2

Now we record what should happen section, which will look like this

1. Schedule (list) Credit €120 as per question (This is correct)
 2. Control Account Credit €120 as per question (This is correct)

Fix It

| Schedule (list) | |
|-----------------|------|
| (+) | (-) |
| | €120 |

| Control Account | |
|-----------------|------|
| (+) | (-) |
| €210 | €210 |
| | €120 |
| | €330 |

Now transfer the figures to the control account and schedule.

Schedule (List)

Remember if the total figure is on the credit side it will be deducted in the schedule (list) list and if it is on the debit side it will be added in the schedule (list)

Control account

Remember if the total figure is on the credit side it will be on the credit side in the control account and if it is on the debit side it will be on the debit side in the control account

| Adjusted List of Schedule | | |
|---|------|--|
| Balance as per list of debtors | | |
| <u>Add</u> | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| <u>Deduct</u> | | |
| Discount Allowed (i) | €120 | |
| | | |
| | | |
| | | |
| | | |
| Net Balance as per adjusted control account | | |

| Adjusted Debtors Control Account | | | |
|----------------------------------|--------|----------------------|-------|
| Details | Total | Details | Total |
| Balance b/d | 27,000 | Balance b/d | 650 |
| | | Discount allowed (i) | 330 |

Adjustment (ii) - Interest

Interest amount to €95, charged to a customer's overdue account, has been correctly entered in the customer's account and entered as €59 in the interest account. Following a complaint by the customer the charge was reduced to €65. This reduction has not been entered in the books

REMEMBER

Control Accounts are drawn up from the books of first entry - sales, purchases, returns and also from certain accounts from the general ledger for example - interest, discounts

List/Schedule are drawn up from the individual/personal account balances of the customers and suppliers

So as the general ledger and customer' account has been mentioned in the question we will have to adjust the control account and the schedule (list)

Explanation

- Interest of €95 (expense) was entered correctly in the customer account as €95 (did happen) but only €59 was entered in the interest account (did happen)
- The customer was not happy being charged €95 so complain and got it reduced to €65 (should happen)

Did happen

- | | | | |
|--------------------|-----------|-----------------|-------------------|
| 1. Schedule (list) | Debit €95 | as per question | (this is correct) |
| 2. Control Account | Debit €59 | as per question | (This is wrong) |

Did Happen

| Schedule (list) | |
|-----------------|-----|
| (+) | (-) |
| €95 | |

| Control Account | |
|-----------------|-----|
| (+) | (-) |
| €59 | |

Explanation

3. As the schedule (list) is drawn up from the individual/personal account balances of the customers and suppliers - interest is only to be €65. As we have €59 on the debit side already, we only have to add another €6 ($€59 + €6 = €65$)
4. As the control account is drawn up from the books of first entry - sales, purchases, returns and also from certain accounts from the general ledger for example - interest and discounts, we will have to decrease the control account as well. As we have €95 on the debit side already, we can put €30 on the credit side and this will give a balance of €65 ($€95 - €30 = €65$)

Should happen

The following should have happened for this adjustment

- | | | | |
|--------------------|-----------|-----------------|-------------------|
| 3. Schedule (list) | Debit €65 | as per question | (This is correct) |
| 4. Control Account | Debit €65 | as per question | (This is correct) |

Should Happen

| Schedule (list) | |
|-----------------|-----|
| (+) | (-) |
| €65 | |
| | |

| Control Account | |
|-----------------|-----|
| (+) | (-) |
| €65 | |
| | |

Fix itStep 1

First of all, we have to fix the did happen section of the schedule (list). Remember we have €95 on the debit side of the schedule (list), we need €65 on the debit side so, if we put €30 on the credit side we will get a balance of €65 ($€95 - €30 = €65$)

This is what did happen (See blue numbers below) (see did happen section)

- | | | | |
|--------------------|-----------|-------------------|--|
| 1. Schedule (list) | Debit €95 | (This is correct) | |
|--------------------|-----------|-------------------|--|

So, to fix it (See bold numbers below)

1. Schedule (list) Credit €30 (This is correct)

Fix It

| Control Account | |
|-----------------|-----|
| (+) | (-) |
| €59 | |
| €6 | |

Step 2

Now we have to fix the did happen section of the control account. Remember we have €59 on the debit side of the control account, we need €65 on the debit side so, if we put €9 on the debit side, we will get a balance of €65 ($€59 + €9 = €65$)

This is what did happen (See blue numbers below) (see did happen section)

1. Schedule (list) Debit €59 (This is wrong)

So, to fix it (See bold numbers below)

2. Schedule (list) Debit €6 (This is correct)

Fix It

| Schedule (list) | |
|-----------------|------------|
| (+) | (-) |
| €95 | €30 |

Now transfer the figures to the control account and schedule.

Schedule (List)

Remember if the total figure is on the credit side it will be deducted in the schedule (list) list and if it is on the debit side it will be added in the schedule (list)

Control account

Remember if the total figure is on the credit side it will be on the credit side in the control account and if it is on the debit side it will be on the debit side in the control account

| Adjusted List of Schedule | | |
|---|------|--|
| Balance as per list of debtors | | |
| <u>Add</u> | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| <u>Deduct</u> | | |
| Discount Allowed (i) | €120 | |
| Interest (ii) | €30 | |
| | | |
| | | |
| | | |
| Net Balance as per adjusted control account | | |

| Adjusted Debtors Control Account | | | |
|----------------------------------|--------|----------------------|-------|
| Details | Total | Details | Total |
| Balance b/d | 27,000 | Balance b/d | 650 |
| Interest (ii) | 6 | Discount allowed (i) | 330 |

Adjustment (iii) - Credit Sales

Sale of €1,720 has been entered on the credit side of a customers account. This included cash sale of 1,240

REMEMBER

Control Accounts are drawn up from the books of first entry - sales, purchases, returns and also from certain accounts from the general ledger for example - interest, discounts

List/Schedule are drawn up from the individual/personal account balances of the customers and suppliers

So as the general ledger is not mentioned but the customer' account has been mentioned we ONLY have to adjust the schedule (list)

Explanation

- We entered sales of €1,720 on the credit side of the customer's account. This sale includes cash sales of €1,240, which means €480 was credit ($€1,720 - €1,240 = €480$). Cash transaction are not includes as we have received the money in the form of cash.
- This transaction was entered on the incorrect side of the customer's account (Remember Cr sales and Dr the customer (debtor))

Did happen

- | | | |
|--------------------|---------------------------------|------------------------------------|
| 1. Schedule (list) | Credit €1,720 (€1,240 and €480) | as per question (this is wrong) |
|--------------------|---------------------------------|------------------------------------|

Did Happen

| Schedule (list) | |
|-----------------|--------|
| (+) | (-) |
| | €480 |
| | €1,240 |

Explanation

- As the schedule (list) is drawn up from the individual/personal account balances of the customers and suppliers - the sales should be €480 ($€1,720 - €1,240 = €480$)

Should happen

The following should have happened for this adjustment

- Schedule (list) Debit €480 as per question (This is correct)

Should Happen

| Schedule (list) | |
|-----------------|-----|
| (+) | (-) |
| €480 | |
| | |

Fix it

First of all, we have to fix the did happen section of the schedule (list).

- Remember we have €480 and €1,240 on the credit side of the schedule (list), we need €480 on the debit side so, if we put €480 and €1,270 on the credit side it will cancel this error.
- Then we record what should happen and put €480 on the debit side

This is what did happen (See blue numbers below) (see did happen section)

- Schedule (list) Credit €1,720 (€1,240 and €480) as per question
(this is wrong)

So, to fix it (See bold numbers below)

- Schedule (list) Debit €1,720 (€1,240 and €480) as per question
(this is wrong)
- Schedule (list) Debit €480 as per question (this is correct)

Fix It

| Schedule (list) | |
|-----------------|--------|
| (+) | (-) |
| €480 | €480 |
| €1,240 | €1,240 |
| €480 | |
| €2,200 | |

Now transfer the figures to the schedule (list).

Schedule (List)

Remember if the total figure is on the credit side it will be deducted in the schedule (list) list and if it is on the debit side it will be added in the schedule (list)

| Adjusted List of Schedule | | |
|---|--------|--|
| Balance as per list of debtors | | |
| <u>Add</u> | | |
| Credit sales (iii) | €2,200 | |
| | | |
| | | |
| | | |
| <u>Deduct</u> | | |
| Discount Allowed (i) | €120 | |
| Interest (ii) | €30 | |
| | | |
| | | |
| Net Balance as per adjusted control account | | |

Adjustment (iv) - Contra Entry

A contra entry of €140 has been entered on the incorrect side of the control account. When making the entry in the customer's account the item was entered as €410 on the incorrect side

REMEMBER

Control Accounts are drawn up from the books of first entry - sales, purchases, returns and also from certain accounts from the general ledger for example - interest, discounts

List/Schedule are drawn up from the individual/personal account balances of the customers and suppliers

So as the control account and customer' account has been mentioned in the question we will have to adjust the control account and the schedule (list)

Recap

Remember a contra entry is when a debtor is also a creditor. If this happens the amount they owe and are owed can be offset against each other. It can reduce the amount owed by debtors and creditors or a contra item is an offset of a debtor against a creditor where the debtor and the creditor are the same person/business.

A contra entry can arise when a customer is also a supplier of the business instead of the customer paying us for goods supplied their balance is offset against the amount owing to them for goods or services supplied

Explanation

1. We have a contra entry of €140 that was entered on the wrong side of the control account (Debit side)
2. It was also entered as €410 in the customers account also on the wrong side (debit side)

Tip - as we are doing a debtors question the correct side for a contra entry for debtors is on the Cr side as we are reducing the accounts

| |
|------------|
| Did happen |
|------------|

- | | | | |
|--------------------|------------|-----------------|-----------------|
| 1. Control Account | Debit €140 | as per question | (This is wrong) |
| 2. Schedule (list) | Debit €410 | as per question | (This is wrong) |

| |
|------------|
| Did Happen |
|------------|

| Control Accounts | |
|------------------|-----|
| (+) | (-) |
| €140 | |

| Schedule (list) | |
|-----------------|-----|
| (+) | (-) |
| €410 | |

Explanation

- As this is a contra entry and we are looking from the point of view of debtors we need to record the transactions on the credit side for both the control account and schedule (list)

| |
|---------------|
| Should happen |
|---------------|

The following should have happened for this adjustment

- | | | | |
|--------------------|-------------|-----------------|-------------------|
| 1. Control Account | Credit €140 | as per question | (This is correct) |
| 2. Schedule (list) | Credit €140 | as per question | (This is correct) |

| |
|---------------|
| Should Happen |
|---------------|

| Control Account | |
|-----------------|------|
| (+) | (-) |
| | €140 |

| Schedule (list) | |
|-----------------|------|
| (+) | (-) |
| | €140 |

| |
|--------|
| Fix it |
|--------|

Step 1

First of all, we have to fix the did happen section (remember this is wrong so to fix it or cancel the posting we put the same figure on the opposite side)

This is what did happen (See blue numbers below) (see did happen section)

- | | | | |
|--------------------|------------|-----------------|-----------------|
| 1. Control Account | Debit €140 | as per question | (This is wrong) |
| 2. Schedule (list) | Debit €410 | as per question | (This is wrong) |

So, to fix it (See bold numbers below)

- | | | |
|--------------------|-------------|--------------|
| 1. Control Account | Credit €140 | (Correction) |
| 2. Schedule (list) | Credit €410 | (Correction) |

This is cancelling the did happen transaction and give a balance of zero in the relevant account

Fix It

| Control Accounts | |
|------------------|------|
| (+) | (-) |
| €140 | €140 |

| Schedule (list) | |
|-----------------|------|
| (+) | (-) |
| €410 | €410 |

Step 2

Now we record what should happen section, which will look like this

- | | | | |
|--------------------|-------------|-----------------|-------------------|
| 3. Schedule (list) | Credit €140 | as per question | (This is correct) |
| 4. Control Account | Credit €140 | as per question | (This is correct) |

Fix It

| Control Accounts | |
|------------------|------|
| (+) | (-) |
| €140 | €140 |
| | €140 |
| | €280 |

| Schedule (list) | |
|-----------------|------|
| (+) | (-) |
| €410 | €410 |
| | €140 |
| | €550 |

Now transfer the figures to the control account and schedule.

Schedule (List)

Remember if the total figure is on the credit side it will be deducted in the schedule (list) list and if it is on the debit side it will be added in the schedule (list)

Control account

Remember if the total figure is on the credit side it will be on the credit side in the control account and if it is on the debit side it will be on the debit side in the control account

Schedule (List)

Remember if the total figure is on the credit side it will be deducted in the schedule (list) list and if it is on the debit side it will be added in the schedule (list)

| Adjusted List of Schedule | | |
|---|--------|--|
| Balance as per list of debtors | | |
| <u>Add</u> | | |
| Credit sales (iii) | €2,200 | |
| | | |
| | | |
| | | |
| <u>Deduct</u> | | |
| Discount Allowed (i) | €120 | |
| Interest (ii) | €30 | |
| Contra Entry (iv) | €550 | |
| | | |
| | | |
| Net Balance as per adjusted control account | | |

| Adjusted Debtors Control Account | | | |
|----------------------------------|--------|----------------------|-------|
| Details | Total | Details | Total |
| Balance b/d | 27,000 | Balance b/d | 650 |
| Interest (ii) | 6 | Discount allowed (i) | 330 |
| | | Contra (iv) | 280 |

Adjustment (v) - Bill Receivable

Bills received of €560 was entered on the incorrect side of a customer's account**REMEMBER**

Control Accounts are drawn up from the books of first entry - sales, purchases, returns and also from certain accounts from the general ledger for example - interest, discounts

List/Schedule are drawn up from the individual/personal account balances of the customers and suppliers

So as the general ledger is not mentioned but the customer' account has been mentioned we **ONLY** have to adjust the schedule (list)

Recap

Bills Receivable relates to amounts due to a business. When a business sells goods to a customer, they might also draw up a bill of receivable on the customer. This is the amount owed to a seller by a customer. As such, it is an asset, since it is convertible to cash on a future date. It will reduce the amount owed by debtors (credit)

Tips - Bills receivable and debtors go together. The bill receivable will reduce what is owed by the customer so it will go on the credit side

Explanation

- We have bill receivable for €560 - this should be recorded on the credit side as it will reduce the amount owed but it has been recorded on the wrong side in schedule (list)

Did happen

- | | | | |
|--------------------|------------|-----------------|-----------------|
| 1. Schedule (list) | Debit €560 | as per question | (This is wrong) |
|--------------------|------------|-----------------|-----------------|

Did Happen

| Schedule (list) | |
|-----------------|-----|
| (+) | (-) |
| €560 | |

Explanation

2. As the bill receivable is on the incorrect side (debit) we need to record it on the credit side to reduce the balance

Should happen

The following should have happened for this adjustment

1. Schedule (list) Credit €560 as per question (This is correct)

Should Happen

| Schedule (list) | |
|-----------------|------|
| (+) | (-) |
| €560 | €560 |

Fix it

Step 1

First of all, we have to fix the did happen section (remember this is wrong so to fix it or cancel the posting we put the same figure on the opposite side)

This is what did happen (See blue numbers below) (see did happen section)

1. Schedule (list) Debit €560 as per question (This is wrong)

So, to fix it (See bold numbers below)

1. Schedule (list) Credit €560 (Correction)

This is cancelling the did happen transaction and give a balance of zero in the relevant account

Fix It

| Schedule (list) | |
|-----------------|------|
| (+) | (-) |
| €560 | €560 |

Step 2

Now we record what should happen section, which will look like this

1. Schedule (list) Credit €560 as per question (This is correct)

| |
|---------------|
| Fix It |
|---------------|

| Schedule (list) | |
|-----------------|---------------|
| (+) | (-) |
| €560 | €560 |
| | €560 |
| | €1,120 |

Now transfer the figures to the control account and schedule.

Schedule (List)

Remember if the total figure is on the credit side it will be deducted in the schedule (list) list and if it is on the debit side it will be added in the schedule (list)

Schedule (List)

Remember if the total figure is on the credit side it will be deducted in the schedule (list) list and if it is on the debit side it will be added in the schedule (list)

| Adjusted List of Schedule | | |
|---|--------|--|
| Balance as per list of debtors | | |
| <u>Add</u> | | |
| Credit sales (iii) | €2,200 | |
| | | |
| | | |
| | | |
| <u>Deduct</u> | | |
| Discount Allowed (i) | €120 | |
| Interest (ii) | €30 | |
| Contra Entry (iv) | €550 | |
| Bills receivable (v) | €1,120 | |
| | | |
| Net Balance as per adjusted control account | | |

Adjustment (vi) – Sale Returns

McGuinness accepted returns of €300 from a customer and this was entered correctly in the books. However, a credit note was sent showing a restocking charge of 10% of the sale price. The accounts clerk only made the necessary adjustment in the customer's account. Later this charge was reduced to 5% but this reduction was not reflected in the accounts

REMEMBER

Control Accounts are drawn up from the books of first entry - sales, purchases, returns and also from certain accounts from the general ledger for example - interest, discounts

List/Schedule are drawn up from the individual/personal account balances of the customers and suppliers

So as the control account and customer' account has been mentioned in the question, we will have to adjust the control account and the schedule (list)

Explanation

1. The recording of the sales returns has been entered correctly so we don't need to do anything with this. It is the credit note that we need to look at
2. The accountant clerk has recorded the 10% restocking charged in the customer's account (adjust schedule (list) (Did happen)
3. Then the 5% restocking charge has not been entered in either the control account or the schedule (Should happen)

Did happen

- | | | | |
|--------------------|-----------|-----------------|-------------------|
| 1. Schedule (list) | Debit €30 | as per question | (This is correct) |
|--------------------|-----------|-----------------|-------------------|

This goes on the debit side - because the total invoice would have reduce the amount the debtor owes. But we didn't return the full invoice, we charged a restocking charge of 10% so we need to increase the debtors figure with this charge (€30)

| |
|-------------------|
| Did Happen |
|-------------------|

| Schedule (list) | |
|-----------------|-----|
| (+) | (-) |
| €30 | |

Explanation

- As the restocking charge was reduced to 5% both the control account and schedule needs to be adjusted by €15 ($€300 * 5\% = €15$)
- As the control account represents the books of first entry, we need to debit the control account as sale returns are increasing by €15
- As the schedule represents the customer's account and we have €30 on the debit side we need to reduce this by €15 so we put bit side we need to reduce this by €15 so we put €15 on the credit side

| |
|----------------------|
| Should happen |
|----------------------|

The following should have happened for this adjustment

- | | | | |
|--------------------|------------|-----------------|-------------------|
| 1. Control Account | Debit €15 | as per question | (This is correct) |
| 2. Schedule (list) | Credit €15 | as per question | (This is correct) |

| |
|----------------------|
| Should Happen |
|----------------------|

| Schedule (list) | |
|-----------------|-----|
| (+) | (-) |
| | €15 |

| Control Account | |
|-----------------|-----|
| (+) | (-) |
| €15 | |

| |
|---------------|
| Fix it |
|---------------|

Step 1

First of all, we have to fix the did happen section (remember this is wrong so to fix it or cancel the posting we put the same figure on the opposite side)

This is what did happen (See blue numbers below) (see did happen section)

1. Schedule (list) Debit €30 as per question (This is correct)

So, to fix it (See bold numbers below)

3. Schedule (list) Credit €15 (Correction)

This will give a balancing figure of €15 and will be brought down to the debit side

Fix It

| Schedule (list) | |
|-----------------|------------|
| (+) | (-) |
| €30 | €15 |

Step 2

Now we record what should happen section, which will look like this

1. Control Account Debit €15 as per question (This is correct)

Fix It

| Control Accounts | |
|------------------|------------|
| (+) | (-) |
| | €15 |

Now transfer the figures to the control account and schedule.

Schedule (List)

Remember if the total figure is on the credit side it will be deducted in the schedule (list) list and if it is on the debit side it will be added in the schedule (list)

Control account

Remember if the total figure is on the credit side it will be on the credit side in the control account and if it is on the debit side it will be on the debit side in the control account

| Adjusted List of Schedule | | |
|---|--------|--|
| Balance as per list of debtors | | |
| <u>Add</u> | | |
| Credit sales (iii) | €2,200 | |
| | | |
| | | |
| <u>Deduct</u> | | |
| Discount Allowed (i) | €120 | |
| Interest (ii) | €30 | |
| Contra Entry (iv) | €550 | |
| Bills receivable (v) | €1,120 | |
| Restocking charge (iv) | €15 | |
| Net Balance as per adjusted control account | | |

| Adjusted Debtors Control Account | | | |
|----------------------------------|--------|----------------------|-------|
| Details | Total | Details | Total |
| Balance b/d | 27,000 | Balance b/d | 650 |
| Interest (ii) | 6 | Discount allowed (i) | 330 |
| Restocking charge (vi) | 15 | Contra (iv) | 280 |

Balancing the debtors control account

The next part is to balance the debtors control account. This figure will help us to find the original balance in the schedule (list). We have the following completed for the debtors control account

| Adjusted Debtors Control Account | | | |
|----------------------------------|--------|----------------------|-------|
| Details | Total | Details | Total |
| Balance b/d | 27,000 | Balance b/d | 650 |
| Interest (ii) | 6 | Discount allowed (i) | 330 |
| Restocking charge (vi) | 15 | Contra (iv) | 280 |

Remember it says that the opening balance did not agree with the schedule and an examination of the books revealed the following. We have corrected the errors and will help us to get both accounts to agree.

1. The first step is to bring the credit balance of €650 down as the closing balance on the debit side. Remember the credit balance is usually due to
 - a. Payment may have been made before the due date
 - b. A discount was given for early payment

So the closing balance is the opening balance for the period (We are only correcting the errors so the balance will be the same)

| Adjusted Debtors Control Account | | | |
|----------------------------------|--------|----------------------|-------|
| Details | Total | Details | Total |
| Balance b/d | 27,000 | Balance b/d | 650 |
| Interest (ii) | 6 | Discount allowed (i) | 330 |
| Restocking charge (vi) | 15 | Contra (iv) | 280 |
| Balance c/d | 650 | | |

2. The next step is to balance the account and find the by adding up the debit side and taking the figure away from the credit side to get the balance figure

| Adjusted Debtors Control Account | | | |
|----------------------------------|--------|----------------------|--------|
| Details | Total | Details | Total |
| Balance b/d | 27,000 | Balance b/d | 650 |
| Interest (ii) | 6 | Discount allowed (i) | 330 |
| Restocking charge (vi) | 15 | Contra (iv) | 280 |
| Balance c/d | 650 | Balance c/d | 26,411 |
| | 27,671 | | 27,671 |
| Balance b/d | 26,411 | Balance b/d | 650 |

Balancing the Schedule (list)

The next part is to balance the schedule (list). This by working backwards from the bottom up to calculate the original schedule (list) balance

| Adjusted List of Schedule | | |
|---|--------|--------|
| Balance as per list of debtors | | |
| <u>Add</u> | | 4 |
| Credit sales (iii) | €2,200 | €2,200 |
| | | 3 |
| | | |
| | | |
| <u>Deduct</u> | | |
| Discount Allowed (i) | €120 | |
| Interest (ii) | €30 | |
| Contra Entry (iv) | €550 | |
| Bills receivable (v) | €1,120 | |
| Restocking charge (iv) | €15 | 2 |
| Net Balance as per adjusted control account | | 1 |

Remember - when you are working backwards instead of deducting you will be adding and instead of adding you will be deducting

Note - when you are working backwards instead of deducting you will be adding and instead of adding you will be deducting

Figure 1

To calculate figure 1 (or Net Balance as per adjusted control account) we take the closing debt and credit balance from the debtors control account and take them away from each other

$$€26,411 - €650 = 25,761$$

| Adjusted List of Schedule | | |
|---|--------|--------|
| Balance as per list of debtors | | |
| <u>Add</u> | | 4 |
| Credit sales (iii) | €2,200 | €2,200 |
| | | 3 |
| | | |
| | | |
| | | |
| <u>Deduct</u> | | |
| Discount Allowed (i) | €120 | |
| Interest (ii) | €30 | |
| Contra Entry (iv) | €550 | |
| Bills receivable (v) | €1,120 | |
| Restocking charge (iv) | €15 | 2 |
| Net Balance as per adjusted control account | | 25,761 |

Note - when you are working backwards instead of deducting you will be adding and instead of adding you will be deducting

Figure 2

To calculate figure 2 you need to add up all the figures under the educt heading

| | |
|------------------------|------------|
| Discount allowed (i) | €120 |
| Interest (ii) | €30 |
| Contra Entry (iv) | €500 |
| Bills received (v) | €1,120 |
| Restocking Charge (iv) | <u>€15</u> |
| | €1,835 |

| Adjusted List of Schedule | | |
|---|--------|--------|
| Balance as per list of debtors | | |
| <u>Add</u> | | 4 |
| Credit sales (iii) | €2,200 | €2,200 |
| | | 3 |
| | | |
| | | |
| | | |
| <u>Deduct</u> | | |
| Discount Allowed (i) | €120 | |
| Interest (ii) | €30 | |
| Contra Entry (iv) | €550 | |
| Bills receivable (v) | €1,120 | |
| Restocking charge (iv) | €15 | 1,835 |
| Net Balance as per adjusted control account | | 25,761 |

Note - when you are working backwards instead of deducting you will be adding and instead of adding you will be deducting

Figure 3

To calculate figure 3 you need to add this figure (€1,835) to the net balance adjusted control account figure (€25,761)

$$€25,761 + €1,835 = €27,596$$

| Adjusted List of Schedule | | |
|---|--------|--------|
| Balance as per list of debtors | | 4 |
| <u>Add</u> | | |
| Credit sales (iii) | €2,200 | €2,200 |
| | | 27,596 |
| | | |
| | | |
| <u>Deduct</u> | | |
| Discount Allowed (i) | €120 | |
| Interest (ii) | €30 | |
| Contra Entry (iv) | €550 | |
| Bills receivable (v) | €1,120 | |
| Restocking charge (iv) | €15 | 1,835 |
| Net Balance as per adjusted control account | | 25,761 |

Note - when you are working backwards instead of deducting you will be adding and instead of adding you will be deducting

Figure 4

To calculate figure 4 (Balance as per list of debtors) you need to add €2,200 to €27,596 to the

$$€2,200 + €27,596 = €25,396$$

| Adjusted List of Schedule | | |
|---|--------|---------|
| Balance as per list of debtors | | €25,396 |
| <u>Add</u> | | |
| Credit sales (iii) | €2,200 | €2,200 |
| | | €27,596 |
| | | |
| | | |
| <u>Deduct</u> | | |
| Discount Allowed (i) | €120 | |
| Interest (ii) | €30 | |
| Contra Entry (iv) | €550 | |
| Bills receivable (v) | €1,120 | |
| Restocking charge (iv) | €15 | €1,835 |
| Net Balance as per adjusted control account | | €25,761 |

Note - when you are working backwards instead of deducting you will be adding and instead of adding you will be deducting