

2. Creditors Control Account

The Creditors Ledger Control Account of D. Daly showed the following balances: €52,455 cr and €396 dr on 31/12/2017. 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) Discount disallowed by a supplier of €145 had been treated as discount received €155 in the books.
- (ii) Cash purchases by Daly of €640 had been debited to a supplier's account.
- (iii) A creditor had charged Daly interest amounting to €120 on an overdue account. The only entry in the books for this interest had been €12 debited to the creditor's account. Following a protest by Daly, this interest was reduced to €70, but this reduction has not been reflected in the accounts.
- (iv) A credit note was received from a supplier for €424. The only entry made in the books was €42 credited to the supplier's account.
- (v) Daly had received an invoice from a supplier for €950. This had been entered in the appropriate day book as €590. However, when posting from the day book to the ledger, no entry had been made in the personal account.
- (vi) Daly had returned goods €500 to a supplier and entered this correctly in the books. However, a credit note arrived showing a deduction of 5% as a restocking charge. The total amount of this credit note was credited to the supplier's account. In relation to the credit note, no other entry was made in the books.

You are required to:

- (a) Prepare the Adjusted Creditors' Ledger Control Account. (24)
- (b) Prepare the Adjusted Schedule (List) of Creditors showing the original balance. (28)
- (c) Explain
 - (i) Contra item.
 - (ii) Explain how the opening balances of the Creditors' Control Account and the Schedule (List) of Creditors are prepared. (8)

(60 marks)