

## Q.2 Creditors Control Account

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### (a) Adjusted Creditors Ledger Control Account

Adjusted Creditors Control a/c			
Balance b/d	524 [2]	Balance b/d	65,432 [2]
Credit note (v)	195 [5]	Restocking charge (ii)	550 [5]
Contra (vi)	545 [4]	Interest (iii)	135 [4]
Balance c/d	<u>65,377 [1]</u>	Balance c/d	<u>524 [1]</u>
	<u>66,641</u>		<u>66,641</u>
Balance b/d	524	Balance b/d	65,377

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### (b) Adjusted Schedule of Creditors Account Balances

	€	€
Balance as per list of creditors		66,233 [4]
Add		
Cash/credit purchases (i)	1,480 [3]	
Interest (iii)	119 [4]	
Purchases (iv)	<u>2,320 [4]</u>	<u>3,919</u>
		70,152
Less		
Restocking charge (ii)	4,400 [4]	
Credit note (v)	354 [4]	
Contra (vi)	<u>545 [4]</u>	<u>(5,299)</u>
Net balance as per adjusted control account		64,853 [1]

### (c)

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(i)

- They are prepared to check the accuracy of the ledgers by comparing the balance in the control account to the balance in the list of creditors.
- Mistakes are noticed more easily and more quickly when using a creditor control account system because it narrows searching for errors to confined areas.
- When preparing final accounts from incomplete records, creditor control accounts are used to find the amount of credit purchases.
- The amount owed by the company to the creditors can be easily found.

(ii) 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.