

3. Creditors Control Account

The creditors' ledger control account of G. Moloney showed the following balances: €46,960 cr and €590 dr on 31/12/2021. 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) Moloney had returned goods costing €450 to a supplier and entered this correctly into the books before receiving the relevant credit note. When the credit note arrived from the supplier it showed a 10% restocking charge and the only entry made for this charge was to credit the creditor's account with the value of the credit note. No other entry was made in the books for this reduction.
- (ii) A creditor had charged Moloney interest amounting to €90 on an overdue account. The only entry in the books for this interest had been €19 debited to the creditor's account. After negotiations the interest charge was reduced to €40 but no entry had been made in the accounts for this.
- (iii) Discount disallowed by a supplier of €80 had been omitted from the books.
- (iv) A credit note was received from Ethan Hunt, a supplier, for €120. The only entry made in the books was €220 credited to the supplier's account.
- (v) Cash purchases by Moloney of €450 had been debited to a supplier's account.
- (vi) Moloney had received an invoice from a supplier for €960. This had been entered in the appropriate day book as €690. When posting from this book to the ledger, no entry had been made in the personal account.

Required:

- (a) Prepare the adjusted creditors ledger control account. (24)
- (b) Prepare the adjusted schedule of creditors showing the original balance. (28)
- (c) (i) Explain what is meant by the opening debit balance in the creditors control account.
- (ii) Give **two** reasons why such a balance might arise. (8)

(60 marks)