

3. Debtors Control Account

The Debtors Ledger Control Account of T. O'Dowd showed the following balances - €33,444dr and €633cr on 31/12/2002. 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 €850, received from a customer in full settlement of a debt of €880, 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 €1,800 and credit sales €800 had both been entered by O'Dowd on the credit of a customer's account.
- III. O'Dowd had sent an invoice to a customer for €1,680. This had been entered in the appropriate day book as €1,860. However when posting from this book to the ledger no entry had been made in the customer account.
- IV. A credit note was sent to a customer for €566. The only entry made in the books was €56 debited to the customer's account.
- V. O'Dowd had charged a customer interest amounting to €82 on an overdue account. The only entry in the books for this interest had been €28 credited to the customer's account. After a protest this interest was reduced to €20 but this reduction had not been reflected in the accounts.
- VI. O'Dowd had accepted sales returns €400 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 6% but this reduction was not reflected in the accounts.

You are required to show the following:

1. Adjusted Debtors' Ledger Control Account. (35)
2. Adjusted Schedule of Debtors' showing the original balance. (25)

(60 marks)