

2. Creditors Control Account

The Creditors Ledger Control Account of N. Nolan showed the following balances - €2,125 cr and €72 dr on 31/12/2004. 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) An invoice received from T. Murphy showing the purchase of goods for €1,200 less trade discount 20% had been entered correctly in the appropriate day book but had not been posted to the personal account.
- (ii) A credit note was received from a supplier for €277. The only entry made in the books was €27 credited to a creditor's account.
- (iii) A creditor had charged Nolan interest of €85 on an overdue account. The only entry made in the books for this interest had been €25 debited to the creditor's account. After a complaint by Nolan this charge had been reduced to €45 but this reduction had not been reflected in the books.
- (iv) Cash purchases by N. Nolan of €60 had been debited to a supplier's account.
- (v) Nolan had returned goods €480 to a supplier and entered this correctly in the books. However, a credit note arrived showing a deduction of 10% as a restocking charge. The total amount of this credit note was credited to the creditor's account but no other entry was made in the books.
- (vi) Discount disallowed by a supplier of €170 had been treated as discount received in the books.

You are required to:

- 1. Prepare the Adjusted Creditors Ledger Control Account. (24)
 - 2. Prepare the Adjusted Schedule of Creditors showing the original balance. (30)
 - 3. Explain why Creditors' Control Accounts are prepared. (6)
- (60 marks)**