

Adjusted Debtors Control Account

	INCREASE		DECREASE		
	B/d A	30,000	B/d L	530	2
I	Remove Discount Allowed	46	<i>Error Discount All/Disallowed</i>	46	
I	Put in Discount Disallowed	46			3
II	<i>Error Interest wrong amount</i>	110	Remove wrong interest	110	
	Put in correct Interest	90	Interest reduced by, (90 - 40)	50	4
IV			Sales Returns	520	4
V	<i>Sales error – wrong figure</i>	1,650	Remove sales error	1,650	
	Put in correct sales	1,560			4
VI	Full 10% Restocking charge	30	6% Reduction (down to 4%)	18	4
1	C/d L	530	C/d A – Calculated to be	29,424	

A Debtors Account

II			Reduction in Interest, (90 to 40)	50
----	--	--	-----------------------------------	----

Effect: Minus 50

A Debtors Account

III	Remove Cash Sales error	1,600	<i>Error CASH sales</i>	1,600
	Remove Credit Sales error	820	<i>Error CREDIT sales</i>	820
	Enter Credit sales	820		

Effect: Plus 3,240

A Debtors Account

IV	<i>Error Sales Returns</i>	52	Remove Sales Returns error	52
			Enter Sales Returns	520

Effect: Minus 572

A Debtors Account

V	Sales	1,560		
---	-------	-------	--	--

Effect: Plus 1,560

A Debtors Account

VI			Enter 6% reduction in restocking charge, (from 10% to 4%)	18
----	--	--	---	----

Effect: Minus 18

Debtors Control Accounts. C/D A = 29,424 minus C/D L = 530 is equal to 28,894.

Use this **28,894** as the final figure in the list of Debtors and work back up to the top

Schedule of Debtors Accounts Balances

Balance as per list of Debtors				24,734	④ End
Plus	III	Sales errors	3,240	⑤	
	V	Sales	1,560	⑤	+ 4,800
Minus	II	Reduction in interest	50	⑤	
	IV	Errors Sales Returns	572	⑤	
	VI	Reduction in Restocking charge	18	⑤	- 640
					- 640
					28,894
Net Balance as per adjusted Control Account				28,894	① Start

Part C Theory

Explain Contra item ⑤

When ONE Person is at the same time both a Debtor and a Creditor to us, that is;

- They owe us money, (a Debtor) and
- We owe them money, (a Creditor)

What is owed in one direction can be offset against what is owed in the other direction. This is a Contra.

Example, I owe you 5, you owe me 3. We can offset one against the other so that I owe you 2.

How might the opening balance of €530 arise? ③

The opening €530 balance is a C/D Liability balance. Not what is expected in Debtors, who are Assets.

It could arise due to

- A full payment of a debt, and then a credit note is issued for sales returns.
- A full payment of a debt, and then a discount is granted.
- An overpayment of a debt.