

Adjusted Creditors Control Account

DECREASE		INCREASE			
1	B/d A	630	B/d L	17,550	2
I	Remove Error	570	<i>Error Invoice/Purchases</i>	570	4
			Purchases	510	4
II	Purchases Returns	120			4
III	Reduction Interest (76 – 50)	26	Interest	76	4
V	Remove Error	90	<i>Error Restocking Charge</i>	90	4
			Restocking Charge	11	4
VI	<i>Error Discount Received</i>	32	Remove Error	32	4
			Discount Disallowed	32	4
	C/d L – Calculated to be	17,405	C/d A	630	1

I A Creditors Account

	Invoice/Purchases	510
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Effect: Plus 510

II A Creditors Account

Remove Error	102	<i>Error Purchases Returns/Credit Note</i>	102
Purchase Returns/Credit Note	120		

Effect: Minus 222

III A Creditors Account

Remove Error Interest	67	<i>Error Interest</i>	67
Reduction in Interest (76 to 50)	26	Interest	76

Effect: Minus 93 Plus 76 = Minus 17

IV A Creditors Account

<i>Error CASH Purchases</i>	140	Remove Error CASH purchases	140
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Effect: Plus 140

V A Creditors Account

<i>Error Restocking Charge (110 – 10%)</i>	99	Remove Restocking Error	99
		Restocking Charge	11

Effect: Plus 110

VI		A Creditors Account	
Error Discount Received	32	Remove Error Discount Received	32
		Discount Disallowed	32

Effect: Plus 64

Creditors Control Accounts. C/d L= 17,405 minus c/d A = 630 is equal to 16,775

Use this 16,775 as the final figure in the list of Creditors and work back up to the top

Schedule of Creditors Accounts Balances

Balance as per list of Debtors			16,190	① End
Plus	I	Invoice/Purchases	510	⑤
	IV	Cash Purchases	140	⑤
	V	Restocking Charge	110	⑤
	VI	Discount Disallowed	64	⑤
			+ 824	
Minus	II	Credit Note/Purchases Returns	222	④
	III	Interest	17	④
			- 239	
Net Balance as per adjusted Control Account			16,775	① Start

C The Advantages of Control Accounts ⑥

- They act as a **check on the accuracy** of the ledgers by comparing
 - the balance of the control account with
 - the total as per the schedule.
- Errors can be found** more speedily using Control Accounts.
- They are useful when a firm needs **to find credit sales or credit purchases** from incomplete records.
- They allow **amounts owed** by Debtors and amounts owed to creditors to be ascertained quickly by simply balancing the control accounts.