

#### 4. Creditors Control Account

The Creditors Ledger Control Account of P. Whelan showed the following balances - €54,225 cr and €650 dr on 31/12/2009. These figures did not agree with the Schedule (List) of Creditors' Balances extracted from the creditors ledger on the same date. An examination of the books revealed the following:

- I. A credit note was received from M. Jones for €215. The only entry made in the books was €251 credited to the creditors account.
- II. An invoice received from K. Kelly showing the purchase of goods for €1,500 less trade discount 10% had been entered correctly in the appropriate day book but had not been posted to the personal account.
- III. A creditor had charged Whelan interest of €95 on an overdue account. The only entry made in Whelan's books for this interest had been €35 debited to the creditors account. After a complaint by Whelan this charge had been reduced to €55 but this reduction had not been reflected in the books.
- IV. Discount disallowed by a supplier of €52 had been treated as discount received in the books.
- V. Cash purchases by Whelan of €900 had been debited to a suppliers account.
- VI. Whelan had returned goods €840 to a supplier and entered this correctly in the books. A credit note arrived showing a deduction of 10% as a restocking charge. The total amount of this credit note was credited to the creditors account. No other entry was made 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. (28)
3. Give reasons why the balance in the Creditors' Control Account may not agree with the balance in the Schedule of Creditors. (8)

**(60 marks)**