

**Adjusted Creditors Control Account**

|     | DECREASE                       |               |   | INCREASE              |        |
|-----|--------------------------------|---------------|---|-----------------------|--------|
|     | B/d A                          | 650           |   | B/d L                 | 54,225 |
| I   | Credit Note – Pur Returns      | 215           |   |                       |        |
| III | Interest reduced by (95- 55)   | 40            |   | Interest charged      | 95     |
| IV  | <i>Error Discount Received</i> | <del>52</del> |   | Remove error          | 52     |
|     |                                |               |   | Discount Disallowed   | 52     |
| VI  |                                |               |   | Restocking charge 10% | 84     |
|     | C/d L – Calculated to be       | 54,253        | 1 | C/d A                 | 650    |

**I A Creditors Account**

|                           |     |                                |                |
|---------------------------|-----|--------------------------------|----------------|
| Remove error              | 251 | <i>Error Purchases Returns</i> | <del>251</del> |
| Correct Purchases Returns | 215 |                                |                |

Effect: Minus 466

**II A Creditors Account**

|                    |     |                |       |
|--------------------|-----|----------------|-------|
| 10% Trade Discount | 150 | Full Purchases | 1,500 |
|--------------------|-----|----------------|-------|

Effect: Minus 150 Plus 1,500 = Plus 1,350

**III A Creditors Account**

|                                 |               |               |    |
|---------------------------------|---------------|---------------|----|
| <i>Error Interest</i>           | <del>35</del> | Remove error  | 35 |
| Interest reduced, (95 to 55) by | 40            | Full Interest | 95 |

Effect: Minus 40 Plus 130 = Plus 90

**IV A Creditors Account**

|                                |               |                     |    |
|--------------------------------|---------------|---------------------|----|
| <i>Error Discount Received</i> | <del>52</del> | Remove error        | 52 |
|                                |               | Discount Disallowed | 52 |

Effect: Plus 104

**V A Creditors Account**

|                             |                |                             |     |
|-----------------------------|----------------|-----------------------------|-----|
| <i>Error CASH Purchases</i> | <del>900</del> | Remove error CASH Purchases | 900 |
|-----------------------------|----------------|-----------------------------|-----|

Effect: Plus 900

**VI A Creditors Account**

|                                |     |  |                |
|--------------------------------|-----|--|----------------|
| Remove Purchases Returns Error | 756 | <i>Error Purchase Returns-Restock (840-84)</i> | <del>756</del> |
|                                |     | Restocking charge, 10% of 840                  | 84             |

Effect: Minus 672

Creditors Control Accounts. C/d L = 54,253 minus C/d A = 650 is equal to 53,603

Use this 53,603 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**

|              |            |                              |       |               |         |
|--------------|------------|------------------------------|-------|---------------|---------|
|              |            |                              |       | 52,297        | ④ End   |
| <b>Plus</b>  | <b>II</b>  | Purchases & Discount         | 1,350 |               |         |
|              |            | -----                        |       |               |         |
|              | <b>III</b> | Interest                     | 90    |               |         |
|              |            | -----                        |       |               |         |
|              | <b>IV</b>  | Discount                     | 104   |               |         |
|              |            | -----                        |       |               |         |
|              | <b>V</b>   | Cash Purchases               | 900   | + 2,444       |         |
|              |            | -----                        |       |               |         |
| <b>Minus</b> | <b>I</b>   | Purchases Returns            | 466   |               |         |
|              |            | -----                        |       |               |         |
|              | <b>VI</b>  | Purchases Returns/Restocking | 672   | - 1,138       |         |
|              |            | -----                        |       |               |         |
|              |            |                              |       | <u>53,603</u> | ① Start |

**Net Balance as per adjusted Control Account**

Part C Theory

**Reasons why the Balance in the Creditor’s Control Account may not agree with the balance in the Schedule of Creditors** ⑧

2 Reasons @ ④ each

1. An error occurred either in
  - i. The Control Account, or in
  - ii. The schedule of Creditors

But was not made in both. Hence they disagree.

2. Double Entry book-keeping in the Ledgers was not completed, hence some of the Ledger accounts are wrong.
3. Incorrect totalling of subsidiary, (day), books causing incorrect figures to be sent to the Control Accounts, but the correct entries and totals are in the Ledger accounts.