

Question 2

22

(a)

Adjusted Debtors Control Account

		€		€		
Balance b/d		32,500	[1]	Balance b/d	600	[1]
Discount disallowed	(i)	120	[4]	Interest	20	[4]
Bad Debt recoverable	(vi)	60	[4]	Sales returns	30	[4]
Balance c/d		600	[1]	Sales overstated	90	[3]
				Balance c/d	32,540	
		<u>33,280</u>			<u>33,280</u>	
Balance b/d		32,540		Balance b/d	600	

(b)

30

Schedule of Debtors Accounts Balances

		€		€	
Balance as per list of debtors				27,639	[3]
Add Discount disallowed	(i)	76	[5]		
Interest on account	(ii)	160	[5]		
Debtors – cash and credit sales error	(iii)	2,620	[4]		
Sales	(v)	1,450	[4]		
Bad debt recoverable	(vi)	60	[4]	4,366	
				<u>32,005</u>	
Deduct Sales returns	(iv)			(65)	[4]
Net Balance as per adjusted Control Account				<u>31,940</u>	[1]

(c)

8

Books of first entry

- (i) Sales
Sales Returns
General Journal
Cash Book – Receipts and Payments

(ii)

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.

They locate errors quickly and narrow searching for errors to confined areas

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.