

#### 4. Creditors Control Account

h14.4

The Creditors Ledger Control Account of B. Young showed the following balances: €3,552 cr and €490 dr on 31/12/2013. These figures did not agree with the Schedule (List) of Creditors' Balances extracted on the same date. An examination of the books revealed the following:

- (i) Cash purchases by Young of €90 had been debited to a supplier's account.
- (ii) Discount €120 disallowed by a supplier had been treated as discount received €10 in the books.
- (iii) A creditor had charged Young interest amounting to €10 on an overdue account. The only entry in the books for this interest had been €1 debited to the creditor's account. After a protest this interest was reduced to €5 but this reduction had not been reflected in the accounts.
- (iv) Young had received an invoice from a supplier for €60. This had been entered in the appropriate day book as €80. However when posting from the day book to the ledger no entry had been made in the personal account.
- (v) Young had returned goods €400 to a supplier and entered this correctly in the books. However a credit note arrived showing a deduction of 5% for a restocking charge. The total amount of this credit note was credited to the creditor's account. In relation to the credit note no *other* entry was made in the books.
- (vi) A credit note was received from a supplier for €13. The only entry made in the books was €1 credited to the supplier's account.

**You are required to:**

- (a) Prepare the Adjusted Creditors Ledger Control Account. (24)
- (b) Prepare the Adjusted Schedule of Creditors showing the original balance. (28)
- (c) Explain
  - (i) Contra item.
  - (ii) How 'an Opening Balance of €490' above might arise. (8)

**(60 marks)**