

**Adjusted Creditors Control Account**

|            | DECREASE                       |                | INCREASE                       |                |
|------------|--------------------------------|----------------|--------------------------------|----------------|
|            | B/d A                          | 490            | B/d L                          | 63,552         |
| <b>II</b>  | <i>Error Discount Received</i> | <del>210</del> | Remove error                   | 210            |
|            |                                |                | Discount Disallowed            | 120            |
| <b>III</b> | Interest reduced by (110- 50)  | 60             | Interest charged               | 110            |
| <b>IV</b>  | Remove Error                   | 680            | <i>Error Invoice/Purchases</i> | <del>680</del> |
|            |                                |                | Invoice Purchases              | 860            |
| <b>V</b>   |                                |                | Restocking charge 5% of 400    | 20             |
| <b>VI</b>  | Purchases Returns              | 313            |                                |                |
|            | C/d L – Calculated to be       | 63,819         | c/d A                          | 490            |

**I A Creditors Account**

|                             |                |              |            |
|-----------------------------|----------------|--------------|------------|
| <i>Error CASH Purchases</i> | <del>890</del> | Remove error | 890        |
| <b>Effect:</b>              | Minus 0        | Plus 890     | = Plus 890 |

**II A Creditors Account**

|                                |                |                                |            |
|--------------------------------|----------------|--------------------------------|------------|
| <i>Error Discount Received</i> | <del>210</del> | Remove discount received error | 210        |
|                                |                | Discount Disallowed            | 120        |
| <b>Effect:</b>                 | Minus 0        | Plus 330                       | = Plus 330 |

**III A Creditors Account**

|                                  |               |                       |           |
|----------------------------------|---------------|-----------------------|-----------|
| <i>Error Interest</i>            | <del>11</del> | Remove Interest error | 11        |
| Interest reduced, (110 to 50) by | 60            | Full Interest         | 110       |
| <b>Effect:</b>                   | Minus 60      | Plus 121              | = Plus 61 |

**IV A Creditors Account**

|                |         |                   |            |
|----------------|---------|-------------------|------------|
|                |         | Invoice Purchases | 860        |
| <b>Effect:</b> | Minus 0 | Plus 860          | = Plus 860 |

**V A Creditors Account**

|                                |           |  |                |
|--------------------------------|-----------|--|----------------|
| Remove Purchases Returns Error | 380       | <i>Error Purchase Returns-Restock (400-5%)</i> | <del>380</del> |
|                                |           | Restocking charge (5% of 400)                  | 20             |
| <b>Effect:</b>                 | Minus 380 | Plus 20  | = Minus 360    |

**VI A Creditors Account**

|                           |           |                                |               |
|---------------------------|-----------|--------------------------------|---------------|
| Remove error              | 31        | <i>Error Purchases Returns</i> | <del>31</del> |
| Correct Purchases Returns | 313       |                                |               |
| <b>Effect:</b>            | Minus 344 | Plus 0                         | = Minus 344   |

Creditors Control Accounts. C/d L = 63,819 minus C/d A = 490 is equal to

Use this 63,077 as the final figure in the list of Creditors and work back up to the top

**Schedule of Creditors Accounts Balances**

|  |            |                              |     |        |         |
|--|------------|------------------------------|-----|--------|---------|
| <b>Balance as per list of Debtors</b>              |            |                              |     | 61,892 | ④ End   |
| <b>Plus</b>  | <b>I</b>   | Cash Purchases               | 890 | ③      |         |
|  | <b>II</b>  | Discount                     | 330 | ④      |         |
|  | <b>III</b> | Interest                     | 61  | ④      |         |
|  | <b>IV</b>  | Purchases                    | 860 | ④      | +2,141  |
| <b>Minus</b>                                       | <b>V</b>   | Purchases Returns/Restocking | 360 | ④      |         |
|  | <b>VI</b>  | Purchases Returns            | 344 | ④      | - 704   |
| <b>Net Balance as per adjusted Control Account</b> |            |                              |     | 63,329 | ① Start |

Part C Theory

**Explain**

**(i) Contra Item**

When ONE Person is at the same time both a Debtor and a Creditor to us, that is;

- They owe money to us, (a Debtor) and at the same time
- We owe money to them, (a Creditor)

What is owed in one direction can be offset against what is owed in the other direction. This is a Contra.

Example, I owe you 5, you owe me 3. We can offset one against the other so that I owe you 2.

**(ii) How an Opening Balance of €490 above might arise.**

The opening €490 balance is a C/D Asset balance. Not what is expected in Creditors, who are Liabilities.

It could arise due to

- We paid a debt in full, and then a credit note is received for Purchases returns, hence we are owed money.
- We paid a debt in full, and then a discount is received, hence we are owed money.
- We overpaid a debt, hence we are owed money.