Q4 Debtors Control Accounts

(a)

22

Adjusted Debtors Control Account.							
	Balance b/d	**[1]**	44,400		Balance b/d	**[1]**	820
(i)	Discount Disallowed	**[4]**	150	(ii)	Interest	**[4]**	24
(iv)	Bad debt recoverable	**[4]**	55	(v)	Sales overstated	**[3]**	360
(vi)	Restocking Charge	**[4]**	18		Balance c/d		44,239
	Balance c/d	**[1]**	820				
			45,443				45,443
	Balance		44,239		Balance b/d		820

(b)

30

Schedule of Debtors Accounts Balances				37,135	**[3]**
Add					
(i)	Discount	132	**[4]**		
(ii)	Interest	144	**[5]**		
(iii)	Credit sales	3,390	**[5]**		
(iv)	Bad debt recovered	55	**[4]**		
(v)	Sales	2,590	**[4]**	6,311	
				43,446	
Deduct					
(vi)	Reduction in restocking charge	27	**[4]**	(27)	
	Balance as per adjusted control a/c			43,419	**[1]**

(c)

8

Explain the importance of control accounts.

1 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.

2 They help to locate errors quickly by narrowing the search to confined areas.

3 They allow the total amount owed by debtors/total amount owed to creditors to be ascertained quickly by simply balancing the control accounts.

4 They are useful when a firm wishes to find credit sales/credit purchases when having to do final accounts from incomplete records.