

3. Creditors Control Account

The Creditors Ledger Control Account of H. Turner showed the following balances - £36,411cr and £545dr on 31/12/1997.

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) A creditor had charged Turner interest amounting to £45 on an overdue account. The only entry in the books for this interest had been £54 debited to the creditor's account. After a protest this interest was reduced to £15 but this reduction had not been reflected in the accounts.
- (ii) Cash purchases by Turner of £400 had been debited to a supplier's account.
- (iii) Turner had received an invoice from a supplier for £770. This had been entered in the appropriate day book as £707. However when posting from this book to the ledger no entry had been made in the personal account.
- (iv) A credit note was received from a supplier for £133. The only entry made in the books was £33 debited to a *debtor's* account.
- (v) Discount disallowed £20 by a supplier had been omitted from the books.
- (vi) Turner had returned goods £300 to a supplier and entered this correctly in the books. However a credit note arrived showing a deduction of 10% 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.

You are required to prepare the:

- (a) Adjusted Creditors Ledger Control Account (30)
- (b) Adjusted Schedule of Creditors showing the original balance (30)

(60 marks)

4. Revaluation of Fixed Assets

On 1 January 1985 Tridant Ltd. purchased property for £250,000, consisting of Land £50,000 and Buildings £200,000. The company depreciates buildings at the rate of 2% using the straight line method. It is the company's policy to apply a full year's depreciation in the year of acquisition and nil depreciation in the year of disposal.

The following details were taken from the firm's books:

- | | |
|------------|---|
| Jan 1 1993 | Revalued property at £480,000. Of this revaluation £120,000 was attributable to land. |
| Jan 1 1994 | Sold for £140,000 land which cost £50,000 but was since revalued on January 1 1993. |
| Jan 1 1995 | Purchased buildings for £150,000. During 1995, £30,000 was paid to a building contractor for an extension to these buildings. The company's own employees also worked on the extension and they were paid wages amounting to £20,000 by Tridant Ltd. for this work. |
| Jan 1 1996 | Revalued buildings owned at £700,000 (a 25% increase in respect of each building). |
| Jan 1 1997 | Sold for £510,000 the buildings purchased on 1/1/1985. The remaining buildings were revalued at £300,000. |

You are required to:

Prepare the relevant ledger accounts in respect of the above transactions for the 5 years ended 31 December 1993 to 31 December 1997. (Bank Account and Profit and Loss not required).

(60 marks)