

Dr	Sales ledger control account	Cr
	\$	\$
Balance b/d (large amount)		Balance b/d (small amount)
Credit sales		Bank
Bank (dishonored cheques)		Cash
Interest charged to debtors		Discounts allowed
Bank (refund to customers)		Sales returns
Balance c/d (small amount)		Bad debts
		Contra/set-off
		Balance c/d (large amount)

Dr	Purchases ledger control account	Cr
	\$	\$
Balance b/d (small amount)		Balance b/d (large amount)
Bank		Credit purchases
Cash		Bank (returned cheques)
Discounts received		Interest charged to creditors
Purchases returns		Bank (refund from suppliers)
Contra/set-off		Balance c/d (small amount)
Balance c/d (large amount)		

There are four types of errors that affect control account and sale ledger and purchase ledger:

- 1- Casting error in books of prime entry affects only control account and is therefore rectified through control accounts. Examples may include any of the following:
 - (a) Sales / purchase journal overcast or under cast.
 - (b) Returns Journal overcast or under cast.
 - (c) Discounts column in cash book overcast or under cast.

- 2- Complete omission of a transaction affects control accounts and sales / purchase ledgers and is therefore rectified through adjusted control accounts and debtors / creditors reconciliation statement. Examples may include of the following:
 - (a) Sales / purchase invoice was entirely omitted from books.
 - (b) Debit / credit note not entered anywhere.

- 3- Errors in the personal accounts affect only the debtors / creditors and are therefore rectified through debtors / creditors reconciliation statements. Examples may include any of the following:
 - (a) Incorrect value of purchase / sale posted to creditors / debtors personal accounts.
 - (b) Correct amount entered on the wrong side of personal account.

- 4- Incorrect amount entered on the invoice will affect control accounts and sales / purchase and is therefore rectified through adjusted control and debtors / creditors reconciliation statements. Examples may include any of the following:
 - (a) An invoice of \$350 was incorrectly totaled as \$305.
 - (b) An invoice of \$482 was incorrectly recorded in the journal as \$428

Summary

Type of Error	Adjusted control Accounts	Debtors or creditors Reconciliation statements
1. Casting errors in books of prime entry	YES	NO
2. Complete omission of transaction	YES	YES
3. Individual error / errors in personal account	NO	YES
4. Errors in source documents	YES	YES

Question | 1

On 30 June 2006 a schedule of debtors extracted from Coleman's sales ledger totaled \$15400 but the balance on the Sales Ledger Control was \$15816.

The following errors were found later:

- a. A debtor's balance of \$345 had been omitted from the list of debtors.
- b. A discount allowed of \$60 had been correctly recorded in the cash book but entered in the customer's account as \$6.
- c. The sales return day book had been under cast by \$250.
- d. A credit note of \$150 issued to a customer was completely omitted from the books.
- e. The discount allowed column in cash book was over cast by \$125.

REQUIRED:

1. Starting with original total, make the necessary adjustment to the schedule of debtors.
2. Stating with the original balance, prepare a revised Sales Ledger Control Account.

Question | 2

On 28 February 2006 a schedule of creditors extracted from Saab's purchase ledger totaled \$14042 but the balance on the purchase ledger control account was \$14200.

The following errors were found later:

- a. The purchase return day book had been under cast by \$240.
- b. Purchase of goods on credit \$1320 had not been entered anywhere in the accounts.
- c. Ahmed's credit balance of \$150 had been omitted when the purchase ledger balance had been listed.
- d. Ahmed had allowed cash discount \$80 to Saab. This had been entered on the wrong side of Ahmed's account but entered correctly in the cash book.
- e. The purchase returns day book showed that a credit note for \$180 had been received from Elisa but it had been entered in Elisa's account as \$108.

REQUIRED:

1. Starting with original total, make the necessary adjustment to the schedule of creditors.
2. Stating with the original balance, prepare a revised Purchase Ledger Control Account.

▷ | Question | 3

The following information has been taken from the books of Bob Williams for the financial year ended 30 June 2004.

	\$
Sales ledger balances at 1 July 2003	62 540
Cash received from debtors	212 390
Discount allowed	3 470
Return inwards	4 820
Cash sales	58 330
Bad debts written off	1 960
Credit sales for the year	249 490
Debit balances transferred to purchase ledger accounts	3 410

The total of Bob Williams's sales ledger balances amounts to \$80080 which does not agree with the closing balance in the sales ledger control account. The following errors have been discovered.

- a. A debtor balance of \$930 was omitted from the list of debtors.
- b. Return inwards formal was under cast by \$870.
- c. C-Donald had returned goods worth \$540 but this sum was recorded as \$450 in his account.
- d. Discount allowed \$270 had been posted to the wrong side of debtors account.
- e. A debtor was charged with \$80 interest but it was overlooked by the accountant.
- f. Sales day book had been over cast by \$1360.
- g. Bad debts of \$190 is entered in the control account but is not posted to the customer's account.
- h. Discount allowed of \$350 had been entered in the cash book but is not entered in the customer's account.
- i. Return inwards \$440 from B-Jones had not been recorded in the books.
- j. B-Hertz was both a customer and a supplier. He had a balance of \$270 in the purchase ledger and \$190 in the sales ledger. The contra entry was made in B-Hertz's account but no entry was made in the control account.
- k. A sales invoice of \$1490 was not entered in the books.
- l. A credit sale of \$1860 to C-Nelson was entered on the credit side of his account.

REQUIRED

1. From the original list of balances, draw up the sales ledger control account for the year ended 30 June 2004.
2. Show the amendments to be made to the control account.
3. Draw up a statement amending the total of the sales ledger balance to agree with the new control account balance.

▷ | Question | 4

The following information has been taken from the books of Mark Edison for the financial year ended 30 September 2004.

Sales ledger balances at 1 October 2003	82 514
Credit sales for the year	297 617
Cash sales	98 242
Bad debts written off	3 821
Return inwards	7 826
Cash received from debtors	252 319
Discount allowed	6 681
Interest charged to customers	1 445
Debit balances transferred to purchase ledger accounts	2 972

The total of Mark Edison's sales ledger balances amounts to \$104447 which does not agree with the closing balance in the sales ledger control account. The following errors have been discovered.

- C Reid had returned goods worth \$710 but this sum was recorded as \$170 in his account.
- Sales Day Book had been under cast by \$880.
- A credit sale of \$2720 was entered on the credit side of R Baker's account.
- Return inwards \$1240 from T Bailey had not been recorded in the books.
- A debtor balance of \$1530 was omitted from the list of debtors.
- Return inwards Journal was under cast by \$580.
- Discount allowed \$360 had been posted to the wrong side of debtor's account.
- A debtor was charged with \$170 interest but it was overlooked by the accountant.
- Bad debts of \$220 is entered in the control account but is not posted to the customer's account.
- K Fred was both a customer and a supplier. He had a balance of \$920 in the purchase ledger and \$1120 in the sales ledger. The contra entry was made in the control account but no entry was made to K-Fred's account.
- A sales invoice of \$1770 was not entered in the books.
- Discount allowed of \$760 had been entered in the cash book but is not entered in the customer's account.

REQUIRED

- From the original list of balances, draw up the sales ledger control account for the year ended 30 September 2004.
- Show the amendments to be made to the control account.
- Draw up a statement amending the total of the sales ledger balance to agree with the new control account balance.

▷ | *Question* | 5

On 30 June 1999 Donald listed the balances contained in his sales ledger. These balances totaled \$18040 but on the same date the balance of the sales ledger control account was \$18910. After investigation the following errors were found.

- a. A debtor balance of \$490 had been counted in total credit sales but had not been posted to the customer's account.
- b. Discount allowed of \$60 had been entered in the cash book but it is not entered in the customer's account.
- c. Return inward journal was over cast by \$120.
- d. Returns of \$170 from B-Peter had not been recorded in the books.
- e. C-John was both a customer and a supplier. His purchases ledger balance of \$260 has been set-off against his sales ledger balance in the control account but nothing had been recorded in the customer's account.
- f. Sales day book had been over cast by \$460.
- g. A debtor account was charged with \$20 interest but it was not recorded in the control account.
- h. M-Charles returned goods worth \$280 but this sum was recorded as \$820 in his account.
- i. A debt of \$110 had proved bad but no entry had been passed in the books.
- j. Discount allowed of \$80 had been posted to the debit side of M-Druid's account.

REQUIRED

1. Write up the sale ledger control account.
2. Prepare a statement showing the reconciliation of the original total of the sales ledger balances with the amended sales ledger control account balance.

▷ | *Question* | 6

On 31 December 1999 Smithson listed the balances contained in his sales ledger. These balances totaled \$16980 but on the same date the balance of the sales ledger control account was \$18180. After investigation the following errors were found.

- a. A debtor account was charged with \$70 interest but it was not recorded in the control account.
- b. A debtor balance of \$740 had been counted in total credit sales but had not been posted to the customer's account.
- c. C-Donald was both a customer and a supplier. His purchases ledger balance of \$440 has been set-off against his sales ledger balance but this has not been recorded in the control account.
- d. A debt of \$390 had proved bad but no entry had been passed in the books.
- e. Sales day book had been over cast by \$550.
- f. Return inward journal was over cast by \$110.
- g. Discount allowed of \$170 had been entered in the cash book but it is not posted to the customer's account.
- h. Discount allowed of \$80 to C-Berry had not been recorded in the books.
- i. C-Rhodes returned goods worth \$310 but this sum was recorded as \$130 in his account.

REQUIRED

1. Write up the sale ledger control account.
2. Prepare a statement showing the reconciliation of the original total of the sales ledger balances with the amended sales ledger control account balance.

▷ | Question | 7

On 31 October 1999 Duke listed the balances contained in his sales ledger. These balances totaled \$15270 but on the same date the balance of the sales ledger control account was \$14790. After investigation the following errors were found.

- a. Returns of \$80 from S-Lee had not been recorded in the books.
- b. Sales day book had been under cast by \$260.
- c. A debtor balance of \$560 had been counted in total credit sales but had not been posted to the customer's account.
- d. R-Stare was both a customer and a supplier. His purchases ledger balance of \$320 has been set-off against his sales ledger balance in the control account but nothing had been recorded in the customer's account.
- e. A debtor account was charged with \$40 interest but it was not recorded in the control account.
- f. Discount allowed of \$70 had been entered in the cash book but it is not entered in the customer's account.
- g. B-Howard returned goods worth \$740 but this sum was recorded as \$470 in his account.
- h. A debt of \$210 had proved bad but no entry had been passed in the books.
- i. Discount allowed of \$120 had been posted to the debit side of C-Trevor's account.
- j. Return inward journal was under cast by \$160.

REQUIRED

1. Write up the sales ledger control account.
2. Prepare a statement showing the reconciliation of the original total of the sales ledger balances with the amended sales ledger control account balance.