

- 1 Delph started trading on 1 July 2016.
For the year ended 30 June 2017 he provided the following information relating to his sales and purchases.

	\$
Bank payments to credit suppliers	39 826
Cash purchases	692
Credit purchases	74 779
Credit purchases returns	6 813
Discount received	1 764

At 30 June 2017

Sales ledger control account balance	21 555	Debit
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REQUIRED

- (a) Explain **two** benefits of using control accounts.

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..... [4]

Additional information

The following book-keeping errors have been discovered in the sales ledger:

- 1 The sales journal total for June 2017 was understated by \$1470.
- 2 A customer's invoice for \$2910 was entered in the sales journal as \$2190.
- 3 Discounts allowed in June 2017 amounting to \$435 were debited to the sales ledger control account.
- 4 A sales invoice for \$1520 dated 30 June 2017 was omitted from the sales journal.

REQUIRED

- (b)** Prepare the amended sales ledger control account at 30 June 2017.

Delph
Amended sales ledger control account

	\$		\$
Balance b/d	21 555		

[5]

Additional information

At 30 June 2017 there was a debit balance on the purchases ledger account of \$384.

REQUIRED

(c) Prepare the purchases ledger control account for the year ended 30 June 2017.

Delph
Purchases ledger control account

	\$		\$

[5]

Additional information

Delph has also provided the following information.

At 1 July 2016	\$
Capital introduced	10 500
Loan from the bank (repayable 2021)	3 000

During the year ended 30 June 2017

Bank payments	
Motor vehicle	13 560
Loan	500
Drawings	12 625

At 30 June 2017		
Inventory	3 700	Debit
Cash in hand	360	Debit
Rent	650	Debit
Bank	856	Credit
Wages	1 890	Credit

The motor vehicle is to be depreciated at 25% using the reducing balance method.

REQUIRED

- (d)** Prepare the statement of financial position at 30 June 2017.

Delph
Statement of financial position at 30 June 2017

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Question	Answer	Marks																																			
1(a)	<p>They enable totals for trade payables and trade receivables to be quickly extracted (1) for the trial balance and financial statements (1)</p> <p>They are kept in the general ledger separately from the ledgers themselves / segregation of duties (1) thereby reducing the risk of errors / fraud (1)</p> <p>They improve the reliability of the ledgers (1) by identifying errors when ledger totals do not agree with the control account totals (1)</p> <p>The control account may help to identify problems in a particular ledger (1) If a trial balance does not balance (1).</p> <p>1 mark for stating + 1 mark for development Any other suitable answers Max 4 marks</p>	4																																			
1(b)	<div>Delph Amended sales ledger control account</div> <table><tr><td></td><td>\$</td><td></td><td>\$</td><td></td></tr><tr><td>Balance b/d</td><td>21 555</td><td></td><td>Discounts allowed</td><td>870 (1)</td></tr><tr><td>Invoice omitted</td><td>1 520 (1)</td><td></td><td>Balance c/d</td><td>24 395</td></tr><tr><td>Correction of SJ total</td><td>1 470 (1)</td><td></td><td></td><td></td></tr><tr><td>Error in sales journal</td><td>720 (1)</td><td></td><td></td><td></td></tr><tr><td></td><td><hr/>25 265</td><td></td><td><hr/>25 265</td><td></td></tr><tr><td>Balance b/d</td><td>24 395 (1)OF</td><td></td><td></td><td></td></tr></table>		\$		\$		Balance b/d	21 555		Discounts allowed	870 (1)	Invoice omitted	1 520 (1)		Balance c/d	24 395	Correction of SJ total	1 470 (1)				Error in sales journal	720 (1)					<hr/> 25 265		<hr/> 25 265		Balance b/d	24 395 (1)OF				5
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