**Activity 27: Credit note**

A company has raised a credit note for a prompt payment discount taken by a customer, as shown below:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Net** | **VAT** | **Total** |
| Credit note | £34.00 | £6.80 | £40.80 |

What is the correct double entry to record the credit note in the general ledger accounts?

|  |  |  |
| --- | --- | --- |
| **Ledger account** | **Debit £** | **Credit £** |
| Receivables ledger control | 40.80 |  |
| VAT control |  | 6.80 |
| Discounts allowed |  | 34.00 |

|  |  |  |
| --- | --- | --- |
| **Ledger account** | **Debit £** | **Credit £** |
| Receivables ledger control |  | 40.80 |
| VAT control | 6.80 |  |
| Discounts allowed | 34.00 |  |

C.

|  |  |  |
| --- | --- | --- |
| **Ledger account** | **Debit £** | **Credit £** |
| Receivables ledger control |  | 34.00 |
| VAT control |  | 6.80 |
| Discounts allowed | 40.80 |  |