

- 2 Hamid prepares control accounts to check the accuracy of his business's purchases and sales ledgers.

**REQUIRED**

- (a) Explain **two** benefits to a business of using control accounts other than checking the arithmetical accuracy of ledger accounts.

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2 .....

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[4]

**Additional information**

On 31 January 2021 Hamid provided the following information:

- 1 The balance of the sales ledger control account on 1 January 2021 was \$17 820.
- 2 Totals for January 2021 from books of prime entry

	\$
Cash book	
Discount allowed	430
Receipts from trade receivables	16 230
General journal	
Contra entries with purchases ledger	890
Sales journal	18 440
Sales returns journal	310

- 3 On 31 January 2021 a credit customer had overpaid his account by \$170.

## REQUIRED

(b) Prepare the sales ledger control account for January 2021.

Sales ledger control account

	\$		\$

[6]

### Additional information

On 31 January 2021 the total of balances in the purchases ledger was \$12 860, but the balance of the purchases ledger control account on this date was \$12 980.

The following errors were discovered.

- 1 The total of the discounts received column of \$110 had not been posted from the cash book.
- 2 The total of the purchases returns journal had been overstated by \$250.
- 3 Interest of \$130 charged by a supplier because of an overdue balance had been debited to the supplier's account.

## REQUIRED

(c) Prepare statements to show corrected totals for:

(i) the purchases ledger balances

### Correction of purchases ledger balances

Details	\$
Incorrect total	12 860

[2]

(ii) the purchases ledger control account balance

### Correction of purchases ledger control account balance

Details	\$
Incorrect balance	12 980

[3]