

- 3 The following balances appear in Reena's purchases ledger control account at 29 February 2020.

	\$
Total of amounts due to credit suppliers	27 450
Total of a credit supplier's account which had been overpaid	290

The bookkeeper extracted the following information from the books of prime entry for March 2020.

	\$
Purchases journal	32 480
Purchases returns journal	1 430
Cash book: cash purchases	7 290
Cash book: payments to credit suppliers	26 980
Cash book: totals of discounts columns	
Debit column in cash book	1 780
Credit column in cash book	1 060
General journal	
Contra entries sales ledger to purchases ledger	810
Interest charged by credit suppliers on overdue accounts	470

At 31 March 2020 there were no overpaid suppliers' accounts.

REQUIRED

- (a) Prepare the purchases ledger control account for March 2020.

Purchases ledger control account

	\$		\$

(b) State **three** reasons why a business may prepare a purchases ledger control account.

- 1
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- 2
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- 3
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[3]

Additional information

The bookkeeper also prepared a sales ledger control account for March 2020. However, the balance of the control account did not agree with the total of balances of accounts in the sales ledger.

The following errors were discovered which accounted for the difference.

- 1 The total of the sales returns journal had been overcast by \$160.
- 2 The balance of a sales ledger account had been undercast by \$150.
- 3 An entry in the sales journal for Susan Baker, \$370, had been posted as a debit entry in the sales ledger account of Sarah Barker.
- 4 The bank statement for 31 March 2020 recorded the return of a cheque for \$420 received from a credit customer. This transaction had not yet been recorded in the books of account.
- 5 An entry in the general journal to write off the balance of the account of J Limited, \$230, as irrecoverable had been posted to the debit side of the customer's account.

REQUIRED

- (c) Complete the following table to reconcile the sales ledger control account balance with the total of the sales ledger balances.

Error 1 has been completed for you as an example.

	sales ledger control account balance	total of sales ledger balances
	\$	\$
Incorrect figures	14 850	15 320
Error 1	160	–
Error 2		
Error 3		
Error 4		
Error 5		
Corrected figures		