

2 Lawrence provided the following information at 30 November 2018.

	\$
Purchases ledger control account balance	16 970
Sales ledger control account balance	42 350

These did not agree with the list of balances taken from the purchases ledger and sales ledger respectively. The following items were discovered:

- 1 A discount received of \$280 had been omitted from the books.
- 2 A credit note for a sales returns of \$230 had been treated as a sales invoice and entered in the sales journal.
- 3 An irrecoverable debt of \$190 had been written off in the sales ledger. No entry had been made in the control account.
- 4 A contra entry for \$1070 had been debited twice in the purchases ledger control account.
- 5 A payment of \$120 to a credit supplier had not been recorded.
- 6 Discount allowed of \$70 had been posted to the debit side of both the sales ledger control account and the purchases ledger control account.
- 7 Lawrence owes Kalim \$380 and Kalim owes Lawrence \$1590. They have agreed to set off the balance, on Lawrence's account in Kalim's sales ledger.
- 8 A customer's dishonoured cheque had been entered in the cash book as \$1560 instead of \$1650.

REQUIRED

- (a) (i) Prepare the corrected purchases ledger control account at 30 November 2018.

	\$		\$
		Balance b/d	16 970

(ii) Prepare the corrected sales ledger control account at 30 November 2018.

	\$		\$
Balance b/d	42 350		

[5]

(b) Explain what is meant by the term 'error of commission'.

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(c) Explain the effect on a business of not updating:

(i) customers' accounts in the sales ledger

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(ii) suppliers' accounts in the purchases ledger.

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