

# CONTROL ACCOUNTS

## SPECIFIC OUTCOMES

- c Post to the general ledger, debtors ledger and creditors ledger from the subsidiary books and balance ledger accounts where necessary.
- c Reconcile the control accounts with the debtors' list and creditors' list - correct errors and/or omissions that have an effect on the control accounts, the debtors' list and creditors' list.

## 1. INTRODUCTION

- c The debtors control and creditors control accounts facilitates accounting control over the debtors' and creditors' accounts.
- c The debtors control and creditors control accounts are a **summary** of all the entries in the debtors ledger and creditors ledger.
- c The balance of the debtors control account in the general ledger, at the end of the month, should be the same as the list/schedule of debtors (the total of the debtors' balances) in the debtors' ledger. In the same way the balance of the creditors control account in the general ledger should be the same as the list/schedule of creditors in the creditors' ledger.

## 2. POSTING RULES

SUBSIDIARY JOURNAL	SOURCE DOCUMENT	POSTING RULE		
CRJ	Duplicate receipt Cash register roll	Dr Bank Cr Contra accounts	<b>Cost of sales column</b> Dr Cost of sales Cr Trading stock	<b>Discount allowed column</b> Dr Discount allowed Cr Debtors control
CPJ	Cheque counterfoil	Dr Contra accounts Cr Bank	<b>Discount received column</b> Dr Creditors control Cr Discount received	
DJ	Duplicate invoice	<b>Selling price:</b> Dr Debtors control Cr Sales	<b>Cost price:</b> Dr Cost of sales Cr Trading stock	
DAJ	Duplicate credit note	<b>Selling price:</b> Dr Debtors allowances Cr Debtors control	<b>Cost price:</b> Dr Trading stock Cr Cost of sales	
CJ	Original invoice	Dr Contra accounts Cr Creditors control		
CAJ	Duplicate debit note	Dr Creditors control Cr Contra accounts		
GJ	Journal voucher	Dr Individual accounts Cr Individual accounts	<b>Debtors control totals</b> Dr Debtors control (Journal debits) Cr Debtors control (Journal credits)	<b>Creditors control totals</b> Dr Creditors control (Journal debits) Cr Creditors control (Journal credits)

## 3. FORMAT

### 3.1 GENERAL LEDGER

Dr		Debtors control				B			
Cr									
Jan	1	Balance	b/d	xx	Jan	31	Debtors allowances	DAJ	xx
	31	Sales	DJ	xx			Bank and discount allowed	CRJ	xx
		Bank (R/D cheque)	CPJ	xx			Journal credits	GJ	xx
		Petty cash *	PCJ	xx			Balance	c/d	xx
		Bank +	CPJ	xx					
		Journal debits	GJ	xx					
				xxx					xxx
Feb	1	Balance	b/d	xx					

- \* Payments made on behalf of debtors out of petty cash
- + Pay a debtor with a credit balance

Dr **Creditors control** B

Cr

Jan	31	Bank and discount received	CPJ	xx	Jan	1	Balance	b/d	xx
		Creditors allowances + / Sundry accounts ++	CAJ	xx		31	Sundry purchases/ sundry accounts	CJ	xx
		Journal debits	GJ	xx			Bank*	CRJ	xx
		Balance	c/d	xx			Journal credits	GJ	xx
				xxx					xxx
					Feb	1	Balance	b/d	xx

- \* Receive money from a creditor with a debit balance or cheque cancelled
- + Only when the periodic inventory system is used
- ++ Only when the perpetual inventory system is used

Dr **Trading stock** B

Cr

Jan	1	Balance	b/d	xx	Jan	31	Creditors control (Allowances)	CAJ	xx
	31	Bank (Cash purchases)	CPJ	xx			Cost of sales (Credit sales)	DJ	xx
		Creditors control (Credit purchases)	CJ	xx			Cost of sales (Cash sales)	CRJ	xx
		Cost of sales (Returns)	DAJ	xx			Drawings	GJ	xx
		Expenses +	GJ	xx			Trading stock deficit	GJ	xx
							Expenses*	GJ	xx
							Balance	c/d	xx
				xxx					xxx
Feb	1	Balance	b/d	xx					

- + Trading stock incorrectly posted to expenses (correction)
- \* Expenses incorrectly posted to trading stock (correction)

### 3.2 DEBTORS LEDGER

The Debtors ledger shows all the information/transactions of individual debtors

		Name of debtor	D1			
Date		Details	Fol	Debit (+)	Credit (-)	Balance
				R	R	R
Jan	1	Account rendered				xx
	5	Invoice no. xx	DJ	xx		xx
	8	Credit note no. xx	DAJ		xx	xx
	15	Receipt no. xx (payment)	CRJ		xx	xx
	15	Receipt no. xx (discount allowed)	CRJ		xx	xx
	18	Journal voucher no. xx (Interest charged)	GJ	xx		xx
	21	Cheque R/D	CPJ	xx		xx
	21	Journal voucher no. xx (Discount cancelled)	GJ	xx		xx
	25	Journal voucher no. xx (Bad debts)	GJ		xx	xx
	28	Cheque no. xx (Refund made to debtor)	CPJ	xx		xx

### 3.3 CREDITORS LEDGER

The Creditors ledger shows all the information/transactions of individual creditors

		Name of creditor	C1			
Date		Details	Fol	Debit (-)	Credit (+)	Balance
				R	R	R
Jan	1	Account rendered				xx
	8	Invoice no. xx	CJ		xx	xx
	12	Credit note no. xx	CAJ	xx		xx
	19	Cheque no. xx (payment)	CPJ	xx		xx
	19	Cheque no. xx (discount received)	CPJ	xx		xx
	24	Journal voucher no. xx (Interest charged)	GJ		xx	xx

	26	Receipt no. xx (Refund made by creditor)	CRJ		xx	xx
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## ACTIVITY 1

The general ledger of Jim Traders was destroyed in fire. Hereafter is the complete debtors' ledger for June 2011.

## INSTRUCTION

You are required to use the information given and prepare the debtors' control account as it would have appeared in the general ledger of Jim Traders for June 2011.

### DEBTORS LEDGER OF JIM TRADERS

D. DELOITTE						
D1						
Date	Code	Details	Folio	Debit	Credit	Balance
20.1				R	R	R
June 1		Account rendered				660
3	01	Invoice 11	DJ 8	260		920
6	05	Credit note 18	DAJ 1		40	880
18	02	Receipt 24	CRJ 4		400	480
18	03	Receipt 24 (discount allowed)	CRJ 4		20	460
20	06	Cheque dishonoured (unpaid)	CPJ 9	400		860
20	07	Journal (discount cancelled)	GJ 3	20		880

E. ERNEST						
D2						
Date	Code	Details	Folio	Debit	Credit	Balance
20.1				R	R	R
June 1		Account rendered				1 420
5	02	Receipt 20	CRJ 4		600	820
5	03	Receipt 20 (discount allowed)	CRJ 4		30	790
14	01	Invoice 114	DJ 8	1 040		1 830
20	07	Journal (interest)	GJ 3	30		1 860
22	05	Credit note 27	DAJ 1		65	1 795

Y. YOUNG			D3			
Date	Code	Details	Folio	Debit	Credit	Balance
20.1				R	R	R
June 1		Account rendered				80 (cr)
10	01	Invoice 113	DJ 8	280		200 (dr)
24	02	Receipt 26	CRJ 4		280	80 (cr)
28	07	Journal (account transferred)	GJ 3	80		0

DEBTORS LIST ON 30 JUNE 20.1	
	R
D. Deloitte	880 (dr)
E. Ernest	1 795 (dr)
Y. Young	0
<b>Total</b>	<b>2 675 (dr)</b>

CODES	
01	Credit sales
02	Payments
03	Discount
04	Petty cash
05	Returns
06	Cheque dishonoured/refunds
07	Journals

**ACTIVITY 1**

**ANSWER SHEET**

**GENERAL LEDGER OF JIM TRADERS**

BALANCE SHEET SECTION

Dr **Debtors control**  
Cr

Jun	1	Balance	b/d		Jun	30	Debtors allowances		
	30	Sales					Bank and discount allowed		
		Bank (R/D)					Balance	c/d	
		Journal debits							
Jul	1	Balance	b/d						

## ACTIVITY 2

### INSTRUCTION

From the information taken from the complete creditors ledger given below, you are required to prepare the creditors control account in the general ledger. Balance the account.

#### CREDITORS LEDGER OF KPMG LTD

LEVUBU WHOLESALERS C1						
Date	Code	Details	Folio	Debit	Credit	Balance
20.1				R	R	R
Feb 1		Account rendered				5 180 (cr)
3	02	Cheque 422	CPJ	5 180		0
	03	Cheque 422	CPJ	150		150 (cr)
8	02	Receipt 340 (refund)	CRJ		150	0
13	01	Invoice 277	CJ		9 190	9 190 (cr)
24	01	Invoice 279	CJ		1 810	11 000 (cr)

LONSDALE SUPPLIERS C2						
Date	Code	Details	Folio	Debit	Credit	Balance
20.1				R	R	R
Feb 1		Account rendered				20 (dr)
3	01	Invoice 274	CJ		660	640 (cr)
6	06	Credit note 83	CAJ	65		575 (cr)
7	01	Invoice 275	CJ		115	690 (cr)
8	01	Invoice 276	CJ		450	1 140 (cr)
11	02	Cheque 445	CPJ	835		305 (cr)
	03	Cheque 445	CPJ	22		283 (cr)



15	07	Journal (correction of error)	GJ	115		168 (cr)
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<b>LONGDALE WHOLESALERS C3</b>						
Date	Code	Details	Folio	Debit	Credit	Balance
20.1				R	R	R
Feb 1		Account rendered				5 690 (cr)
3	07	Journal (interest)	GJ		80	5 770 (cr)
7	02	Cheque 430	CPJ	4 450		1 320 (cr)
14	05	Credit note 84	CAJ	65		1 255 (cr)
15	07	Journal (correction of error)	GJ		115	1 370 (cr)
20	01	Invoice 278	CJ		3 760	5 130 (cr)
22	05	Credit note 85	CAJ	230		4 900 (cr)

<b>CREDITORS LIST ON 28 FEBRUARY 2011</b>	
	R
Levubu Wholesalers	11 000 (cr)
E. Ernest	168 (cr)
Y. Young	4 900 (cr)
<b>Total</b>	<b>16 068 (cr)</b>

<b>CODES</b>	
01	Purchases
02	Payments
03	Discount
04	Petty cash
05	Returns
06	Cheque dishonoured/refunds
07	Journals

## ACTIVITY 2

### ANSWER SHEET

#### GENERAL LEDGER OF KPMG LIMITED

##### BALANCE SHEET SECTION

Dr Creditors control  
Cr

Feb	28	Bank and discount received			Feb	1	Balance	b/d	
		Sundry allowances				28	Sundry purchases		
		Journal debits					Bank		
							Journal credits		
					Mar	1	Balance	b/d	

## ACTIVITY 3

### INSTRUCTION

1. Draw up the debtors control account in the general ledger of Selai Distributors after taking the totals and information given into account.
2. From the information given below, calculate the profit margin on cost price.
3. During the month, discount was allowed on goods damaged but not returned by debtors. Determine the discount which was allowed.

## Balances on 1 March 2012

Debtors with debit balances, R2 300

Debtors with credit balances, R60

## Totals for March 2012

<b>Cash receipts journal (CRJ 3)</b>	R
Bank	26 780
Sales	14 800
Cost of sales	11 840
Debtors control	10 500
Discount allowed	820
Sundry accounts	2 300

<b>Cash payments journal (CPJ 3)</b>	R
Bank	25 000
Trading stock	9 200
Wages	4 200
Creditors control	10 200
Discount received	600
Debtors control	400
Sundry accounts	1 600

<b>Debtors journal (DJ 3)</b>	R
Sales	15 800
Cost of sales	12 640

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<b>Creditors journal (CJ 3)</b>	R
Trading stock	4 500
Equipment	6 200
Stationery	230
Sundry accounts	770

<b>Debtors allowances journal (DAJ 3)</b> (Including discount on damaged merchandise not returned)	R
Debtors allowances	2 800
Cost of sales	1 680

<b>Creditors allowances journal (CAJ 3)</b>	R
Trading stock	700
Equipment	380
Stationery	-
Sundry accounts	30

<b>General journal (GJ 3)</b>	R
General ledger:	
Debits	1 300
Credits	1 420
Debtors ledger:	
Debits	400
Credits	20
Creditors ledger:	
Debits	40
Credits	300

### **Additional information**

1. On 31 March 2012 the account of Z. Tsabalala still has a credit balance of R60.

**ACTIVITY 3**

**ANSWER SHEET**

1. **SELAI DISTRIBUTORS**  
**GENERAL LEDGER**

Dr					Cr				
					Debtors control				
Mar	1	Balance	b/d		Mar	31	Bank and discount allowed		
	31	Bank					Debtors allowances		
		Sales					Journal credits		
		Journal debits					Balance	c/d	
Apr	1	Balance	b/d						

2. Profit margin on cost price:
3. Selling price of goods returned by debtors:



				105 400					105 400
					Jul	1	Balance	b/d	7 800

### Additional information

1. On 30 June 2013, the total of the list of debtors was R29 930 and the total of the list of creditors R20 100. Accept that the opening balances of both the control accounts were correct.
2. In addition to the obvious errors made by the bookkeeper in the control accounts above, an investigation brought the following to light:
  - 2.1 An amount of R172 in the creditors journal was incorrectly posted to the account of creditor Umtata Suppliers as R72.
  - 2.2 The creditors journal was overcast by R200.
  - 2.3 Transfer a credit balance of R60 on the account of L. Leshaba in the debtors ledger to his account in the creditors ledger. (The bookkeeper had not done this yet.)
3. A credit note for R100 was issued to N. Ngema in respect of merchandise returned by him, but no entry had yet been made.
  - 3.1 Debtor M. Molotsi, still had to be charged R50 interest on his overdue account.
  - 3.2 An entry in respect of sales returns of R120 was correctly entered in the debtors allowances journal but inadvertently posted to the debit side of debtor C. Cele's account.
  - 3.3 The receipts from debtors, R94 000, included an amount of R40 recovered from S. Singo, a debtor, whose account had been written off in the previous financial year. The mistake did not however affect the debtors ledger.

### INSTRUCTION

1. Draw up the debtors control account and creditors control account for June 2013, as they should have been prepared in the first place.
2. Show the reconciliation of the totals of the list of debtors and list of creditors with the correct closing balances of the control accounts as calculated in no. 1.

### ACTIVITY 4

### ANSWER SHEET

### GENERAL LEDGER OF ZWANE TRADERS

Dr  
Cr

### Debtors control

Jun	1	Balance	b/d		Jun	30	Bank and discount allowed		
	30	Bank (R/D cheques)					Debtors allowances		
		Bank					Journal credits		
		Sales					Balance	c/d	
		Journal debits							
Jul	1	Balance	b/d						

### List of debtors

	R
Total on 30 June 2013	

Dr  
Cr

### Creditors control

Jun	30	Creditors allowances			Jun	1	Balance	b/d	
		Bank and discount received				30	Sundry purchases		
		Journal debits					Journal credits		
		Balance	c/d						
					Jul	1	Balance	b/d	

### List of creditors

	R
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Total on 30 June 2013	

## ACTIVITY 5

### INSTRUCTION

Study the given ledger account and answer the questions that follow. Use the additional information to assist you.

### GENERAL LEDGER OF LESHABA STORES

Dr		Debtors control								
		Cr								
Aug	1	Balance	b/d	14 700	Aug	31	(2)	CRJ	11 230	
	31	Sales	DJ	12 640			Debtors allowances	DAJ	120	
		Bank	(1)	1 000			Journal credits	GJ	740	
		Petty cash	PCJ	80			Balance	c/d	18 080	
		Journal debits	GJ	1 750						
				30 170						30 170
Sept	1	Balance	b/d	18 080						

### Additional information

The percentage mark-up is 60 % on cost price.

### Questions

1. Name the missing folio number.




**ACTIVITY 6**

On the 30 August 2012, the accountant of Mabunda Stores compared the balances of the debtors control account and the creditors control account in the general ledger with the total of the debtors' and creditors' lists in the debtors ledger and creditors ledger.

**INSTRUCTION**

Rule columns as follows and indicate how the errors and omissions must be corrected in order to reconcile the control accounts with debtors and creditors lists.

No	Debtors control		Debtors list		Creditors control		Creditors list	
	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr

1. A credit invoice for goods sold to T. Tanli was recorded twice in the subsidiary book, and also posted twice, R200.
2. The total of the debtors journal was undercast by R240 and the creditors journal was overcast by R180.
3. A credit note for R544 was recorded in the creditors allowances journal as R54 and posted accordingly.
4. The amount received from C. Maduna was posted to the credit side of the account of C. Maduma, R144.



# CONTROL ACCOUNTS

## ACTIVITY 1

### SOLUTION

#### GENERAL LEDGER OF JIM TRADERS

BALANCE SHEET SECTION-

Dr

**Debtors control**

Cr

Jun	1	Balance	b/d	2 000	Jun	30	Debtors allowance	DAJ	105
		(R660 + R1 420 - R80)					(R40 + R65)		
	30	Sales	DJ	1 580			Bank and discount allowed*	CRJ	1 330
		(R260 + R1 040 + R280)					(R400 + R20 + R600 + R30 + R280)		
		Bank (R/D)	CPJ	400			Balance	c/d	2 675
		Journal debits		180			(R880 + R1 795 + R0)		
		(R20 + R30 + R80)							
				4 110					4 110
Jul	1	Balance	b/d	2 675					

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<b>*Alternative:</b>	<b>R</b>
Bank	1 280
(R400 + R600 + R280)	
Discount allowed	50
(R20 + R30)	

**ACTIVITY 2**

**SOLUTION**

**GENERAL LEDGER OF KPMG LIMITED**

BALANCE SHEET SECTION

Dr Creditors control B

Cr

Feb	28	Bank and discount received*	CPJ	10 637	Feb	1	Balance	b/d	10 850
		(R5 180 + R150 + R835 + R22 + R4 450)					(5 180 - R20 + R5 690)		
		Sundry allowances	CAJ	360		28	Sundry purchases	CJ	15 985
		(R65 + R65 + R230)					(R9 190 + R1 810 + R660 + R115 + R450 + R3 760)		
		Journal debits	GJ	115			Bank	CRJ	150
		Balance	c/d	16 068			Journal credits	GJ	195
		(R11 000 + R168 + R4 900)					(R80 + R115)		
				27 180					27 180
					Mar	1	Balance	b/d	16 068

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<b>*Alternative:</b>	<b>R</b>
Bank	10 465
(5 180 + R835 + R4 450)	
Discount received	172
(R150 + R22)	

### ACTIVITY 3

## SOLUTION

### 1. SELAI DISTRIBUTORS

#### GENERAL LEDGER

Dr		Debtors control				B			
		Cr							
Mar	1	Balance	b/d	2 240	Mar	31	Bank and discount allowed	CRJ3	10 500
	31	Bank	CPJ3	400			Debtors allowances	DAJ3	2 800
		Sales	DJ3	15 800			Journal credits	GJ3	20
		Journal debits	GJ3	400			Balance	c/d	5 520
				<u>18 840</u>					<u>18 840</u>
Apr	1	Balance	b/d	5 520					

11. Profit margin on cost price:

$$\frac{(R14\ 800 - R11\ 840)}{R11\ 840} \times \frac{100}{1} \quad \text{Or} \quad \frac{(R15\ 800 - R12\ 640)}{R12\ 640} \times \frac{100}{1}$$

$$= \frac{R2\ 960}{R11\ 840} \times \frac{100}{1}$$

$$= 25\%$$

$$= \frac{R3\ 160}{R12\ 640} \times \frac{100}{1}$$

$$= 25\%$$

12. Selling price of goods returned by debtors:

$$\frac{R1\ 680}{1} \times \frac{125}{100} = R2\ 100$$

Allowances on goods not returned by debtors:

$$R2\ 800 - R2\ 100 = R700$$

## ACTIVITY 4

## SOLUTION

### GENERAL LEDGER OF ZWANE TRADERS

Dr		Debtors control				B			
		Cr							
Jun	1	Balance	b/d	20 610	Jun	30	Bank and discount allowed (94 000 - 40)	CRJ	93 960
	30	Bank (R/D cheques)	CPJ	160			Debtors allowances (1 800 + 100)	DAJ	1 900
		Bank (refund to debtors)	CPJ	80			Journal credits	GJ	400
		Sales	DJ	105 000			Balance	c/d	29 700
		Journal debits (50 + 60)	GJ	110					
				125 960					125 960
Jul	1	Balance	b/d	29 700					

### List of debtors

	R
Total on 30 June 2013	29 930



Returns - N. Ngema	(100)
Interest - M. Molotsi	50
Error corrected - C. Cele	(240)
Transfer - L. Leshaba	60
	<b>29 700</b>

Dr		<b>Creditors control</b>				B			
Cr									
Jun	30	Sundry allowances	CAJ	1 400	Jun	1	Balance	b/d	20 200
		Bank and discount received	CPJ	82 600		30	Sundry purchases (84 400 - 200)	CJ	84 200
		Journal debits	GJ	200			Journal credits	GJ	60
		Balance	c/d	20 260					
				<b>104 460</b>					<b>104 460</b>
					Jul	1	Balance	b/d	20 260

### List of creditors

	R
Total on 30 June 2013	20 100
Error corrected - Umtata Suppliers	100
Transfer - L. Leshaba	60
	<b>20 260</b>

## ACTIVITY 5

### SOLUTION

1. CPJ
2. Bank and discount allowed
3. Debtors are encouraged to pay their accounts promptly by allowing discount.
- 4.1 Bad debts
- 4.2 Transfer of a debit balance on a debtors account to his account in the creditors ledger.
5. Payments made on behalf of a debtor out of petty cash for example carriage on

purchases.

6. Duplicate credit note
7. Bank statement or cheque counterfoil
8. 
$$\frac{R12\ 640}{1} \times \frac{100}{160} = R7\ 900$$
9. Compare the balance with the debtors list.
- 10.1 Issue invoices for all credit sales
- 10.2 Issue credit notes for all allowances allowed
- 10.3 Issue receipts for all amounts received
- 10.4 Keep an account for each debtor in the debtors ledger up to date
- 10.5 Reconcile the accounts of the debtors ledger with the debtors control account in the general ledger every month
- 10.6 Distribution of duties

## ACTIVITY 6

## SOLUTION

No	Debtors control		Debtors list		Creditors control		Creditors list	
	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr
	R	R	R	R	R	R	R	R
1		200		200				
2	240				180			
3					490		490	
4			144	144				
5			100					
6	300							
7						198		198
8				180				
9				40			40	
10	322		322					

