

Question 1

LO 4 ASSIGNMENT

Control Account Reconciliation

Rayneydaze is a business selling umbrellas branded with corporate logos. The umbrellas are sold in bulk lots on credit. The accountant is carrying out a reconciliation of the receivables ledger control account balance, which is \$172,120 to the total of the balances on the individual accounts in the receivables ledger, which is \$176,134.

The following has been found:

- (1) A contra item of \$1,500 has not been entered in the receivables ledger control account.
- (2) A cheque for \$555 from a customer has been dishonoured. The correct double entry has been posted but the individual accounts have not been updated.
- (3) A payment of \$322 from a customer has incorrectly been entered in the accounts receivable ledger as \$233.
- (4) Discounts allowed totalling \$120 have not been entered in the control account.
- (5) Cash received of \$800 has been debited to the individual customer's account in the accounts receivable ledger.
- (6) Total credit sales of \$4,500 to a large accountancy firm, Close & Counter have been posted correctly to the ledger account but not recorded in the control account.

Correct the receivables ledger control account and reconcile this to the sum total of the individual accounts in the accounts receivable ledger.

Question 2

2. Suspense accounts

On extracting a trial balance, the accountant of ETT discovered a suspense account with a debit balance of \$1,075 included therein; she also found that the debits exceeded the credits by \$957. She posted this difference to the suspense account and then investigated the situation. She discovered:

- (1) A debit balance of \$75 on the postage account had been incorrectly extracted on the list of balances as \$750 debit.
- (2) A payment of \$500 to a credit supplier, X, had been correctly entered in the cash book, but no entry had been made in the supplier's account.
- (3) When a motor vehicle had been purchased during the year the bookkeeper did not know what to do with the debit entry so he made the entry Dr Suspense, Cr Bank \$1,575.
- (4) A credit balance of \$81 in the sundry income account had been incorrectly extracted on the list of balances as a debit balance.
- (5) A receipt of \$5 from a credit customer, Y, had been correctly posted to his account but had been entered in the cash book as \$625.
- (6) The bookkeeper was not able to deal with the receipt of \$500 from the owner's own bank account, and he made the entry Dr Bank and Cr Suspense.
- (7) No entry has been made for a cheque of \$120 received from a credit customer M.
- (8) A receipt of \$50 from a credit customer, N, had been entered into his account as \$5 and into the cash book as \$5.

What journals are required to correct the errors and eliminate the suspense account?