**WEEK FIVE**

**TOPIC: CONTROL ACCOUNT**

**Illustration**: The following balance were extracted from the books of Olotun Enterprises on 30th October, 1993 N

Purchase 1993 7,532

Purchase ledger 1/10/93 7,948

Sales ledger 1/10/93 90,454

Sales day book 77,530

Returns outwards 3,960

Returns inwards 14,180

Cheque received from customers 56,680

Cheque paid to suppliers 61,860

Cash overpaid to supplier 240

Discount allowed 3,774

Discount received 2,678

Credit notes received 280

Debit notes issue 530

prepare

(a) Sales ledger control account

(b) Purchase ledger control account

EVALUATION

1. Draw up the format of Sales Ledger Control Account with ten items.

2. Draw up the format of Purchases Ledger Control Account with twelve items.

**Sales Ledger Control Account**

N N

1993 Oct. Balance b/f 7,948 1993 Oct. Return inwards 14,180

Sales 77,530 Cheques received from customers 56,680

Debit notes issued 530 Discount allowed 3,774

Balance c/d 11,374

86,008 86,008

**Purchase Ledger Control Account**  N N

1993 Oct.Returns Outwards 3,960 1993 Oct. Balance b/f 7,532 Cheques paid to supply 61,860 Purchases 90,454 Credit note received 280 Cash over paid 240

Discount received 2,678

Balance c/d 29,448

98,226 98,226

**EVALUATION QUESTION**

1. Explain what is meant by the following (a) Total debtors control account (b) Total creditors control account.
2. State three reasons for preparing Control Accounts.

**READING ASSIGNMENT**

Essential Financial Accounting by O.A. Longe Page 188-191

**GENERAL EVALUATION QUESTIONS**

1 What is a petty cash book?

2 Explain the imprest system as used in petty cash accounting

3 State four advantages of operating a petty cash system

4 State two reasons for separating capital expenditure from revenue

expenditure

5 Explain two factors which must be considered in determining whether any

particular item is capital or revenue expenditure

**WEEKEND ASSIGNMENT**

Use the following information and options provided under it to answer question 1-5

1. Bill receivable
2. Bill payable
3. Dishonour Cheque
4. Credit notes issued
5. Credits notes received

The above items are recorded under

(a) General ledger control account

(b) Purchase Control account

(c) Proper Journal Control account

(d) Sales ledger control account

**SECTION B**

The following were extracted from Abiona enterprises on 1st January, 1980

Purchase ledger balance: Debit N 570

Credit N13,252

Sales ledger balance: Debit N12,520

Credit N221

Totals for the year: N

Purchase Journal 170,198

Sales Journal 224,608

Return Inward 5,002

Return Outward Journal 3,123

Cheques Paid to suppliers 146,800

Cheques received from customers 189,120

Provision for bad debts 7,000

Cash received from customers 5,000

Discount allowed 6,112

Discount received 3,300

Cash sales 4,500

Cash paid to suppliers 550

Bad debt written off 399

Customers cheque dishonoured 419

Ayo was both debtor and creditor by N725 and N550 respectively. Set this off in the account.

Prepare:- (a) Sale ledger control account

(b) Purchase ledger control account