

Control accounts

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Read first: [Books of prime entry](#), [The double entry system of book-keeping](#)

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What you need to know

By the end of this topic you should be able to:

1. **Understand why a business keeps a sales ledger control account and a purchases ledger control account:** what each one summarises, and what it can and cannot do.
2. **Name the book of prime entry that supplies each figure** in a control account: the sales, sales returns, purchases and purchases returns journals, the cash book and the general journal.
3. **Prepare both control accounts**, with credit sales and credit purchases, money received and paid, cash discounts, returns, irrecoverable debts, dishonoured cheques, interest on overdue accounts, contra entries, refunds, and opening and closing balances, including a debit **and** a credit balance in the same account.

You do **not** need to prepare control accounts that form part of the double entry, or to reconcile a control account with the total of the ledger balances.

Understand it

Why a business needs control accounts

A business that sells on credit keeps one account for **each credit customer** in the **sales ledger**, and one for **each credit supplier** in the **purchases ledger**. With hundreds of customers, adding up every balance to find the total owed takes a long time, and an error in one account is hard to find.

A **control account** is a single account that records the **totals** of the same transactions. Every month the business takes the totals from the books of prime entry (all the credit sales for the month, all the returns, all the money received, and so on) and posts them to one account. Because every item went into the individual accounts **and** its total went into the control account, the control account's closing balance should equal the total of all the individual balances.

- The **sales ledger control account** summarises the accounts of all the **credit customers** (trade receivables). Its usual balance is a **debit**: the total owed to the business.

- The **purchases ledger control account** summarises the accounts of all the **credit suppliers** (trade payables). Its usual balance is a **credit**: the total the business owes.

What control accounts are for

- **Locating errors.** If the control account balance agrees with the total of the ledger balances, the ledger is **arithmetically correct**. If they disagree, the error is in that ledger, so only that ledger needs checking, and monthly control accounts narrow it down to one month.
- **A quick total** of trade receivables and trade payables, so draft financial statements can be prepared without adding up every account.
- **A summary** of the month's transactions with credit customers or suppliers.
- **Deterring fraud.** When the control account is prepared by someone who does not write up the ledger, a false entry in the ledger is more likely to be noticed. It **reduces** the risk of fraud; it cannot **prevent** it.

What control accounts do **not** do: they do not find errors that affect the ledger and the control account equally (an invoice left out of the journal entirely, or posted to the wrong customer's account), so they do not guarantee the ledger is correct. They do not show how much each customer owes, stop debts becoming irrecoverable, or check the **purchases account** or **sales account** (they check the purchases ledger and the sales ledger).

Where the figures come from

Every figure comes from a **book of prime entry**, never from the individual ledger accounts.

Item	Book of prime entry
Credit sales	Sales journal
Goods returned by credit customers (sales returns)	Sales returns journal
Credit purchases	Purchases journal
Goods returned to credit suppliers (purchases returns)	Purchases returns journal
Money received from credit customers, money paid to credit suppliers	Cash book
Discount allowed, discount received	Cash book (the discount columns)
Dishonoured cheques, refunds paid or received	Cash book
Irrecoverable debts written off	General journal
Interest charged on overdue accounts (by the business or by a supplier)	General journal
Contra entries between the two ledgers	General journal

The **opening balance** is simply the closing balance brought down from the control account of the period before.

The sides of the sales ledger control account

The control account has the same sides as a single customer's account. Anything that **increases** what customers owe is a **debit**; anything that **reduces** it is a **credit**.

Debit (customers owe more)	Credit (customers owe less)
Balance b/d (the usual debit balance)	Balance b/d (any credit balances)
Credit sales	Sales returns
Dishonoured cheques (the customer owes the money again)	Money received (bank, cash)
Refunds paid to customers	Discount allowed
Interest charged on overdue accounts	Irrecoverable debts written off
Balance c/d (credit balances at the end)	Contra entries (transfer to the purchases ledger)
	Balance c/d (the usual debit balance at the end)

The sides of the purchases ledger control account

A supplier's account is the other way round: what the business owes is a **credit**.

Debit (the business owes less)	Credit (the business owes more)
Balance b/d (any debit balances)	Balance b/d (the usual credit balance)
Purchases returns	Credit purchases
Money paid (bank, cash)	Interest charged by suppliers on overdue accounts
Discount received	Refunds received from suppliers
Contra entries (transfer to the sales ledger)	Balance c/d (debit balances at the end)
Balance c/d (the usual credit balance at the end)	

A cheque the business paid to a supplier that is dishonoured would also be a credit here: the business owes the supplier again. Questions nearly always put dishonoured cheques in the sales ledger control account.

What never goes in

A control account only contains items that change what **credit** customers or suppliers owe. Leave out:

- **cash sales and cash purchases** (no customer or supplier account is involved);
- **trade discount** (it is taken off the invoice before anything is recorded, so the journal totals are already net of it);

- **the provision for doubtful debts** (it is an estimate kept in its own account; no customer's balance changes);
- **discount received in the sales ledger control account**, and **discount allowed, sales, irrecoverable debts or sales returns in the purchases ledger control account**: each belongs only to its own side of the business;
- the total of the **purchases account** or **sales account** (that includes cash transactions).

Irrecoverable debts, dishonoured cheques and interest

- An **irrecoverable debt** is written off with a general journal entry (debit irrecoverable debts, credit the customer), so the customer owes nothing and the control account is **credited**.
- A **dishonoured cheque** is one the customer's bank refused to pay. The receipt is cancelled in the cash book (credit bank) and the customer's account is debited again, so the control account is **debited**. It does not mean the debt is irrecoverable.
- **Interest charged on an overdue account** increases what the customer owes: **debit** the sales ledger control account. Interest a **supplier** charges the business increases what the business owes: **credit** the purchases ledger control account.

Credit balances, debit balances and refunds

Most customer accounts have debit balances, but a customer's account can end up with a **credit** balance when the customer:

- paid more than they owed (an overpayment, or paying the same invoice twice);
- returned goods after paying for them;
- paid in advance for goods not yet sent;
- paid the full amount without taking a cash discount they were entitled to.

The business now owes that customer money. The sales ledger control account therefore shows **two balances**: the total of the debit balances and the total of the credit balances. They are **never** netted off. Each is brought down on its own side. If the business **refunds** the money, it credits bank and debits the customer, so the refund is a **debit** in the sales ledger control account and the credit balance disappears.

The purchases ledger works the same way in reverse: an overpaid supplier gives a **debit** balance, and a refund received from that supplier is a **credit** in the purchases ledger control account.

Contra entries

Sometimes a business both **sells to** and **buys from** the same firm, so the firm has an account in each ledger. Instead of each side paying the other, the two agree to **set off** the balances. The amount set off is the **smaller** of the two balances, because you cannot cancel more than one side is owed.

- In the ledgers: **debit** the firm's account in the **purchases ledger** (the business owes it less) and **credit** its account in the **sales ledger** (it owes the business less).

- In the control accounts: **debit the purchases ledger control account** and **credit the sales ledger control account** with the same amount.

After the contra, one of the two accounts is cleared and the other shows only the difference. The entry is made through the general journal.

Key facts and formulas

There is no formula list in the IGCSE Accounting exam, so everything here must be learnt.

Formula	Status
Sales ledger control closing debit balance = opening debit – opening credit + credit sales + dishonoured cheques + refunds paid + interest charged – sales returns – receipts – discount allowed – irrecoverable debts – contra + closing credit	Learn it
Purchases ledger control closing credit balance = opening credit – opening debit + credit purchases + interest charged by suppliers + refunds received – purchases returns – payments – discount received – contra + closing debit	Learn it
Missing figure = the amount that makes the two sides of the account equal	Learn it
Contra: debit purchases ledger control, credit sales ledger control, with the smaller balance	Learn it
Sales ledger control: usual balance debit; purchases ledger control: usual balance credit	Learn it
Sources: journals for sales, purchases and returns; cash book for money, discounts, dishonoured cheques and refunds; general journal for irrecoverable debts, interest and contras	Learn it

How to do it

We have 68 tagged questions for this topic from 2021 to 2025 (49 different, as many appear on two or three paper variants): 58 one-mark multiple-choice questions from Paper 1 and 10 twenty-mark Paper 2 questions where a control account is some or all of the question. Each question is counted under one type.

Question type	Questions
Calculate a balance or a missing figure	16
Why control accounts are kept	13
Which book of prime entry supplies an item	12
Which items go in the account, and on which side	11
Prepare a control account (Paper 2)	10

Question type	Questions
Contra entries	6

1. Calculate a balance or a missing figure (16 questions)

1. **Decide which account it is.** Customers → sales ledger control; suppliers → purchases ledger control.
2. **Put each item on its side** using the tables in "Understand it". Cross out anything that does not belong (cash sales, trade discount, provision for doubtful debts, the other ledger's discount).
3. **Add up each side.** The difference is the balance, on the **smaller** side as "balance c/d", and it is brought down on the other side.
4. **Missing figure:** write the unknown on its side and choose it so the two sides are equal.

For example, a sales ledger control account opens with a debit balance of \$5 230. In the month there are credit sales of \$14 917, receipts of \$13 604, a contra of \$272 with the purchases ledger, sales returns of \$388 and a refund of \$35 paid to a customer who had overpaid. Debits: $5230 + 14917 + 35 = 20182$. Credits: $13604 + 272 + 388 = 14264$. The closing balance is $20182 - 14264 = 5918$, a **debit** of \$5 918.

Variations you will meet:

- **Both opening balances**, or a closing credit balance given: the opening credit balance goes on the credit side, and the closing credit balance goes on the **debit** side as "balance c/d". Work out the debit balance as usual; don't net the two.
- **Find the missing figure:** credit sales, money received, payments or credit purchases. It is the balancing amount, so it can't be found until every other item, including the closing balance, is in place.
- **Correcting a balance** after items were left out or put on the wrong side. An item **omitted** changes the balance by its amount; an item on the **wrong side** changes it by **twice** its amount. For a debit balance of \$3 050 where a dishonoured cheque of \$125 was omitted: $3050 + 125 = 3175$. If a discount allowed of \$60 had been **debited** instead of credited: $3050 - 2 \times 60 = 2930$.
- **An overpayment to a supplier:** it becomes a separate **debit** balance on the purchases ledger control account, and the usual credit balance is calculated without it. For example, if one supplier's invoice for \$168 was paid twice and nothing else is owed to that supplier, the account carries a debit balance of \$168 as well as its usual credit balance.
- **"Payments after deducting cash discount":** the payment and the discount are **separate** entries, both on the debit side of the purchases ledger control account. Don't take the discount off again.
- **A percentage change in the closing balance** (Paper 2): "trade payables at the end were 20% higher than at the start" means closing = opening $\times 1.2$. Work it out first, then use it as balance c/d.
- **A total trade receivables account** with opening and closing balances: compare the two to see whether receivables rose or fell. A provision divided by the receivables it relates to gives the rate of provision.

2. Why control accounts are kept (13 questions)

Know the reasons, and know the wrong answers that examiners use as options:

Correct reasons	Not a reason (a common wrong option)
Helps to locate errors in the ledger	Prevents or corrects errors; guarantees the ledger is accurate
Proves the ledger is arithmetically correct	Checks the purchases account or sales account
Gives a quick total of trade receivables or trade payables	Finds errors of omission
Allows draft financial statements to be prepared quickly	Is needed to prepare the income statement
Summarises all transactions with credit customers or suppliers	Shows the amount owed by each customer
Helps to deter or reduce fraud, especially when someone else prepares it	Prevents fraud; stops debts becoming irrecoverable; decides when to charge interest

For a Paper 2 "state two advantages", write two different points from the left column in full sentences, such as "It helps to locate errors in the sales ledger" and "It gives the total amount owed by credit customers quickly".

3. Which book of prime entry supplies an item (12 questions)

1. **Money or discount?** Cash book (receipts, payments, discount allowed and received, dishonoured cheques, refunds).
2. **Credit goods bought, sold or returned?** The matching journal: sales, sales returns, purchases, purchases returns.
3. **Anything else** (irrecoverable debts, interest on overdue accounts, contra entries): the **general journal**, the book for entries that fit nowhere else.

Variations you will meet:

- **"Which set of books is used for the sales ledger control account?":** cash book, sales journal, sales returns journal and general journal. An option with the purchases journal or purchases returns journal is wrong for the sales side (and the other way round).
- **"What would be taken from the general journal?":** contra, interest and irrecoverable debts. Returns are **not** in the general journal; they have their own journals.
- **"What is not a source?":** the sales ledger or purchases ledger itself, bank statements, statements of account, and the sales or purchases **account**.
- **Paper 2 table:** name the book for each item. Write the full name ("Purchases returns journal", "General journal").

4. Which items go in the account, and on which side (11 questions)

1. **Does it change what a credit customer or supplier owes?** If not (cash sales, cash purchases, trade discount, provision for doubtful debts), it is not in the control account at all.

2. **Which ledger?** Customer items → sales ledger control; supplier items → purchases ledger control.
Discount **allowed** and **sales** returns are customer items; discount **received** and **purchases** returns are supplier items.
3. **Which side?** Sales ledger control: increases in what customers owe are debits. Purchases ledger control: increases in what the business owes are credits.

Variations you will meet:

- **"Which item would appear on the credit side of the sales ledger control account?"**: sales returns, receipts, discount allowed, irrecoverable debts, contra. Credit sales, interest charged, refunds paid and dishonoured cheques are debits.
- **"Which entries are made for the cash book totals?"**: payments to suppliers and discount received are **both debits** in the purchases ledger control account.
- **"Returns inwards" in the purchases ledger control account** is wrong: returns inwards are sales returns.

5. Prepare a control account (Paper 2, 10 questions)

1. **Headings**: the business's name and "Sales ledger control account" (or purchases), with columns Date, Details, \$ on each side, and the year at the top of each date column.
2. **Opening balances** on the first day, "Balance b/d", on their usual side; a second opening balance (credit for the sales ledger, debit for the purchases ledger) on the other side.
3. **Post each total** on the last day of the period, using the **name of the other account** as the details: Sales, Sales returns, Bank, Cash, Discount allowed, Irrecoverable debts, Interest charged, Purchases ledger control (or Contra), Purchases, Purchases returns, Discount received. "Bank" is also the detail for dishonoured cheques and refunds. Don't copy the question's description ("bank transfers received from credit customers").
4. **Put any closing balance you are given** on the side opposite to where it will be brought down (a closing credit balance of the sales ledger control account is "balance c/d" on the debit side).
5. **Balance**: the difference between the sides is "Balance c/d" on the smaller side; total both sides (equal totals on the same line), then bring the balance down on the first day of the next period.

Variations you will meet:

- **A missing figure** (money received, or credit purchases in an incomplete records question): enter everything else, then the balancing figure is the missing item. Label it with its proper name, not "balancing figure".
- **A figure from an earlier part**: the total of a sales or purchases journal you prepared, the total received that you calculated, or the discount you worked out. Use your own figure; the mark follows through.
- **Both accounts in one question**: a contra appears in **both**, on the credit side of the sales ledger control account and the debit side of the purchases ledger control account.
- **Written parts that come with it**:
 - "State two advantages of preparing control accounts": the correct reasons in type 2.

- "Suggest two reasons why the sales ledger control account had a credit balance": overpayment, goods returned after payment, payment in advance, cash discount not taken.
- "Explain how a contra entry is treated in the ledger accounts": the balance in the purchases ledger is set against the balance in the sales ledger; debit the supplier's account (purchases ledger), credit the customer's account (sales ledger), with the smaller balance.
- "Advise whether to ..." (credit control, cash discounts, paying suppliers later): points on both sides, then a recommendation.

6. Contra entries (6 questions)

1. **Find the smaller balance.** That is the amount set off.
2. **Entries:** debit the purchases ledger control account, credit the sales ledger control account (and the same in the individual accounts: debit in the purchases ledger, credit in the sales ledger).
3. **What is left** is the difference, in whichever ledger had the larger balance.

Variations you will meet:

- **"Which entry is made in the purchases ledger control account?":** a **debit** with the smaller balance. Options with the difference, or a credit, are wrong.
- **A contra posted wrongly** (for example the debit made to the sales returns account instead of the purchases ledger): the purchases ledger balances are then **too high** by that amount, because the debit that should have reduced them is missing.
- **A contra on the wrong side of the sales ledger control account:** the balance is wrong by twice the contra.

Worked examples

The bold codes show where marks are earned, as in Cambridge mark schemes. The number is how many marks.

- **M1** method mark: for a correct method, even if the numbers slip.
- **A1** accuracy mark: for a correct answer; it needs the M mark before it.
- **B1** mark for a correct result on its own, with no method needed.

Example 1

Farhan sells goods on credit to Oduya Traders and also buys goods from them on credit. On 31 May, Oduya Traders owes Farhan \$1 184, and Farhan owes Oduya Traders \$836. The two businesses agree to cancel what they can with a contra entry instead of paying each other.

(a) State the entries Farhan makes in the two individual accounts of Oduya Traders, naming the ledger each account is in. [2]

(b) State the balance left on each of these accounts after the contra, and whether it is a debit or a credit. [2]

(a) The amount is the smaller balance, \$836: Farhan cannot cancel more than he owes. **B1** Debit Oduya Traders' account in the **purchases ledger** with \$836 (Farhan owes less) and credit its account in the **sales ledger** with \$836 (Oduya Traders owes less). **B1** In the control accounts the same \$836 is debited to purchases ledger control and credited to sales ledger control.

(b) Purchases ledger: $836 - 836 = 0$, so the account is closed with no balance. **B1** Sales ledger: $1184 - 836 = 348$, a **debit** balance of \$348 that Oduya Traders still owes. **B1**

Setting off the difference (\$348) instead is a common error: Farhan would still owe \$488 and Oduya Traders would still owe \$836, so the two debts would not have been cancelled.

Example 2

Sunita's new assistant drafted her sales ledger control account for April 2026.

Date	Details	\$	Date	Details	\$
2026			2026		
Apr 1	Balance b/d	3 918	Apr 30	Bank	8 730
Apr 30	Sales	9 406		Discount allowed	144
	Cash sales	1 275		Bank (dishonoured cheque)	457
	Interest charged	38		Bank (refund to a customer)	62
				Balance c/d	5 244
		14 637			14 637

(a) Identify three errors in the draft and say how each should be corrected. [3]

(b) Calculate the correct balance to bring down on 1 May 2026. [2]

(a)

- Cash sales should be removed: no customer account is involved. **B1**
- The dishonoured cheque should be on the **debit** side: the customer owes the money again. **B1**
- The refund should be on the **debit** side: paying it cancels a credit balance owed to a customer. **B1**

(b) Removing the cash sales lowers the balance by \$1 275; each item moved from the credit side to the debit side raises it by **twice** its amount.

$$5244 - 1275 + 2 \times 457 + 2 \times 62 = 3969 + 914 + 124 = 5007$$

M1 for the adjustments, **A1** a debit balance of \$5 007. Check by redrafting: debits $3918 + 9406 + 457 + 62 + 38 = 13881$, credits $8730 + 144 = 8874$, and $13881 - 8874 = 5007$.

Example 3

Keiko sells goods on credit and prepares control accounts every month. She provides this information.

2026		\$
1 June	Total owed by credit customers (debit balances)	18 426
	Total owed to credit customers (credit balances)	305
June totals	Debts written off as irrecoverable	1 136
	Invoices issued for goods sold on credit	41 870
	Interest added to overdue customer accounts	58
	Customers' cheques returned unpaid by the bank	457
	Credit notes issued to customers for goods returned	1 948
	Discount received from suppliers	529
	Refund paid by bank transfer to a customer who had overpaid	190
	Cheques and bank transfers received from credit customers	36 590
	Goods returned to credit suppliers	318
	Discount allowed	712
	Customer balances set off against the same firms' purchases ledger accounts	674
30 June	Total of credit balances in the sales ledger	96

(a) Prepare Keiko's sales ledger control account for June 2026. Balance the account and bring down the balances on 1 July 2026. **[11]**

(b) Explain why the customers' cheques returned unpaid are debited in the sales ledger control account. **[2]**

Sorting first. Leave out the discount received and the goods returned to suppliers: they belong to the purchases ledger. Rename every item with its account name (invoices → Sales, credit notes → Sales returns, cheques received → Bank, set-offs → Purchases ledger control).

(a)

Keiko: Sales ledger control account

Date	Details	\$	Date	Details	\$
2026			2026		
Jun 1	Balance b/d	18 426	Jun 1	Balance b/d	305

Date	Details	\$	Date	Details	\$
Jun 30	Sales	41 870	Jun 30	Sales returns	1 948
	Bank (dishonoured cheque)	457		Bank	36 590
	Bank (refund)	190		Discount allowed	712
	Interest charged	58		Irrecoverable debts	1 136
	Balance c/d	96		Purchases ledger control	674
				Balance c/d	19 732
		61 097			61 097
Jul 1	Balance b/d	19 732	Jul 1	Balance b/d	96

Debit side: $18426 + 41870 + 457 + 190 + 58 + 96 = 61097$. Credit side before the balance: $305 + 1948 + 36590 + 712 + 1136 + 674 = 41365$, so balance c/d = $61097 - 41365 = 19732$.

B1 both opening balances, **B1** sales, **B1** dishonoured cheque, **B1** refund, **B1** interest, **B1** sales returns, **B1** bank, **B1** discount allowed, **B1** irrecoverable debts, **B1** contra, **B1** both balances brought down, \$19 732 debit (follows through from your own entries) and \$96 credit.

(b) When each cheque arrived, the customer's account (and so the control account) was credited, as if the debt had been paid. **B1** The bank refused to pay it, so the receipt is cancelled (credit bank) and the customer owes the money again: debit the customer's account and the control account. **B1**

Example 4

Mateo buys all his goods from credit suppliers, except for a few cash purchases. He provides this information for the year ended 30 September 2026.

	\$
1 October 2025: purchases ledger control account credit balance	9 740
1 October 2025: purchases ledger control account debit balance (a supplier had been overpaid)	126
Payments to credit suppliers by bank transfer	83 215
Discount received	1 164
Goods returned to credit suppliers	2 387
Balances in the purchases ledger set off against the sales ledger	915
Interest charged by a supplier on an overdue account	67
Refund received from the overpaid supplier	126
30 September 2026: purchases ledger control account credit balance	11 052

There were no debit balances in the purchases ledger at 30 September 2026. Mateo has lost the total of his purchases journal.

(a) Prepare Mateo's purchases ledger control account for the year ended 30 September 2026, showing the credit purchases for the year. Balance the account and bring down the balance on 1 October 2026. [8]

(b) Mateo's income statement shows purchases of \$95 380. Calculate his cash purchases for the year and explain why they are not in the purchases ledger control account. [2]

(a)

Mateo: Purchases ledger control account

Date	Details	\$	Date	Details	\$
2025			2025		
Oct 1	Balance b/d	126	Oct 1	Balance b/d	9 740
2026			2026		
Sep 30	Purchases returns	2 387	Sep 30	Purchases	88 926
	Bank	83 215		Interest charged	67
	Discount received	1 164		Bank (refund)	126
	Sales ledger control	915			
	Balance c/d	11 052			
		98 859			98 859
			Oct 1	Balance b/d	11 052

The debit side is complete: $126 + 2387 + 83215 + 1164 + 915 + 11052 = 98859$. The credit side must total the same, so credit purchases = $98859 - 9740 - 67 - 126 = 88926$.

B1 both opening balances, **B1** purchases returns, **B1** bank, **B1** discount received, **B1** contra, **B1** interest and refund, **M1** purchases as the balancing figure, **A1** \$88 926 with the balance brought down.

(b) Cash purchases = $95380 - 88926 = 6454$. **B1** They were paid for immediately, so no supplier account in the purchases ledger was involved and nothing is owed. **B1**

Common mistakes

- **Writing descriptions instead of account names.** Examiners report this in almost every control account question: "Payments to credit suppliers" or "Goods returned by customers" loses the mark; write "Bank", "Cash", "Sales returns", "Interest charged", "Contra".
- **Including items that are not credit transactions with customers or suppliers.** Cash sales, cash purchases, the provision for doubtful debts, trade discount and the total of the purchases account are the extraneous items examiners list most often. They make the closing balance useless as a check.

- **Putting an item in the wrong control account.** Discount received does not go in the sales ledger control account; irrecoverable debts and sales returns ("returns inwards") do not go in the purchases ledger control account.
- **Reversing the main entries.** Credit purchases go on the **credit** side of the purchases ledger control account and payments on the **debit** side; weaker answers swap them.
- **Leaving out or misplacing the contra.** It is a credit in the sales ledger control account and a debit in the purchases ledger control account, and when both accounts are asked for it appears in both.
- **Forgetting a balance you were given.** Omitting the opening balance, or the closing credit balance that the question supplies, throws out the balance you calculate. Examiners report both.
- **Netting the two balances.** A debit of \$2 640 and a credit of \$118 are two balances, not one of \$2 522. Each is brought down on its own side.
- **Wrong source for an item.** Contra entries, interest and irrecoverable debts come from the **general journal**; returns come from the **returns journals**, not the general journal; discounts come from the **cash book**.
- **Overstating what a control account does.** It helps to **locate** errors and **deter** fraud. Answers that say it "prevents fraud" or "corrects errors" do not earn the mark, and it checks the purchases **ledger**, not the purchases account.
- **Setting off the wrong amount in a contra.** The amount is the smaller balance, not the difference between them.
- **"The credit balance was brought forward from last year"** is not a reason for a credit balance; the reason is what the customer did (overpaid, returned goods after paying, paid in advance).

How to get the marks

- **Preparing an account** (Paper 2, usually 6 to 11 marks): one mark per correct entry, which needs the right amount on the right side with an acceptable account name. Dates are often worth a mark: the first day for opening balances, the last day of the period for the totals, the first day of the next period for balances brought down.
- **Balancing:** total both sides with the totals level, and bring the balance down. The balance-down mark usually follows through from your own entries, so finish the account even if an entry was wrong.
- **Missing figures:** show the working or the balancing figure in the account; the name ("Purchases", "Bank") is part of the answer.
- **"State"** needs a short, precise answer: "General journal", "Cash book", "It helps to locate errors in the sales ledger". Two reasons asked means two different reasons.
- **"Explain"** needs how or why as well: for a contra, what is debited, what is credited and why the amount is the smaller balance.
- **"Suggest"** (such as reasons for a credit balance) wants realistic causes in this business's situation.
- **"Advise"** (up to 5 marks) wants points for and against, then a recommendation that follows from them; the recommendation earns its own mark.

- **Multiple choice:** many wrong options put an item on the wrong side, include a cash item, or use the difference instead of the smaller balance in a contra. Draw a quick T-account; it takes seconds and avoids these traps.

Quick check

1. A purchases ledger control account for March shows: on 1 March, a credit balance of \$4 318 and a debit balance of \$57; during March, a contra with the sales ledger of \$211, credit purchases of \$12 604, discount received of \$286 and purchases returns of \$539; on 31 March, a credit balance of \$4 891 and the same debit balance of \$57. Find the amount paid to credit suppliers in March.
2. Name the book of prime entry that supplies each item for a control account: (a) a refund paid to a customer; (b) a customer's dishonoured cheque; (c) credit purchases; (d) an irrecoverable debt written off.
3. Which of these would appear in a purchases ledger control account? (i) cash purchases; (ii) interest charged by a supplier on an overdue account; (iii) discount allowed; (iv) a refund received from a supplier; (v) trade discount.
4. A sales ledger control account for one month shows: a closing debit balance of \$3 206; interest charged of \$23; receipts of \$20 128; an opening debit balance of \$2 960; a dishonoured cheque of \$283; credit sales of \$20 624; and a contra of \$347. The irrecoverable debts written off were not recorded. Find them.
5. Explain how a purchases ledger control account can have a debit balance, and how that balance is usually cleared.

Answers

1. Credit side: $4318 + 12604 + 57 = 16979$ (the closing debit balance is balance c/d on the credit side).
Debit side without the payments: $57 + 211 + 286 + 539 + 4891 = 5984$. Payments = $16979 - 5984 = 10995$.
2. (a) Cash book; (b) cash book; (c) purchases journal; (d) general journal.
3. (ii) and (iv), both on the credit side. Cash purchases involve no supplier account; discount allowed belongs to customers; trade discount is deducted before the purchase is recorded.
4. Debit side: $2960 + 20624 + 283 + 23 = 23890$. Credit side without the irrecoverable debts: $20128 + 347 + 3206 = 23681$. Irrecoverable debts = $23890 - 23681 = 209$.
5. A supplier has been paid more than the business owes it: an invoice paid twice, goods returned after paying for them, or a payment in advance. It is cleared when the supplier refunds the money (a credit in the control account) or when later purchases from that supplier use it up.

Past questions to try

- **0452/22/F/M/23 Q3**: parts (a) to (c), both control accounts from one list of totals, then their advantages.
- **0452/22/O/N/21 Q1**: both control accounts with debit and credit balances, sources, and reasons for a credit balance.
- **0452/22/O/N/22 Q2**: parts (a) to (c), sources, explaining a contra, and a purchases ledger control account with two balances.
- **0452/11/M/J/22 Q13**: an overpaid supplier giving a debit balance.