

# Control Accounts Theory | Accounting

**What books of first entry are used in 1. A creditors control a/c and 2. A debtors control a/c? (2019 Examcraft mock):**

Creditors:

- Purchases daybook, purchases returns book, Cash book, General journal.

Debtors:

- Sales daybook, sales returns book, Cash book, General journal.

**Limitations of using control a/c's. (2016):**

- They don't identify which ledger a/c may contain an error.
- Some types of errors are not revealed by the control a/c such as errors of commission, omission, compensation...

**Suggest how an opening balance of €x could arise. (2007 + 2014):**

- Full payment of debt followed by a credit note.
- Overpayment of a debt.
- Full payment followed by a discount.

**Explain how the opening balances of the creditors control a/c and the schedule (list) of creditors are prepared:**

• Creditors control a/c:

Drawn up from the totals of the books of first entry or the general ledger containing a/c's such as purchases, returns, interest and discount.

• Schedule (list) of creditors:

Drawn up from the balances of the personal ledger a/c.

**Explain the importance of control a/c's:**

- Calculate total amounts owed from/to debtors/creditors.
- Locate errors in relation to debtors/creditors.
- Check accuracy of ledgers.
- Useful when needing to find credit sales or credit purchases.

**Give reasons why the balance in the control a/c may not agree with the balance in the schedule:**

- Error in one and not in the other.
- Failure to complete double entry.
- Incorrect totals sent from individual accounts to control accounts.