

Balancing your purchase (creditors) ledger

In a purchase ledger control account, the total outstanding invoices at the beginning of a period and invoices received during that period, less payments made for invoiced supplies, will give a balancing figure of invoices still outstanding at the end of the period - your creditors. You can compare the figure with your listing of unpaid invoices, and thereby detect any errors.

The control account

	Debit £	Credit £
Creditors at beginning of period (Unpaid invoices at beginning of period equal to closing balances for previous period)		7632.95
Total invoices in period (Total of purchase day book list of invoices - gross figure)		12687.32
Total payments in period (Total of purchase cash book for invoiced expenses)	10750.61	
Creditors at end of period (Balance figure, which should agree with prepared list)	9569.66	
	20320.27	20320.27

If your creditors list does not agree with the control account, check the following points:

Have you listed all your creditors, including those invoices only partly paid or outstanding from the beginning of the period, and those invoices paid directly after the end of the period, because these payments would not be in the cash book?

- Credit notes - does your total of invoices in the period include credit notes received? If not, these must be included on the credit side of the account
- Payments from cash book - these should be only those that relate to invoiced expenses, not items such as wages, interest, etc. If included, these figures should be taken off the payments figure in the control account
- Discounts - purchases where a discount reduces the payment below the invoiced amount should have the discount in the control account
- Those payments for purchases that were not entered into the cash book will have to be included as a payment on the control account
- Addition error of payments, invoices, or creditors totals, or duplication of invoices, payments, or creditors in listings

The amended purchase ledger control account might look as follows:

	£	Debit £	Credit £
Creditors at beginning of period			7632.95

Total invoices		12687.32
Credit notes		382.27
Total payments	10750.61	
Addition error	(57.09)	10693.52
Payments made from private account		657.90
Discounts received		249.61
Creditors at end of period		8336.97
		20320.27 20320.27

Reconciliation

Original creditors figure per list		7491.07
Creditor paid after period not on list		972.79
Creditor included twice		(176.25)
Invoice paid short, amount still outstanding		49.36
		8336.97

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