

## How to Balance your Payables Control Accounts

**In a payable 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 this figure with the outstanding invoices and thereby detect any errors.**

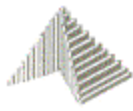
**Prepare C payables control account which should look something like this:**

	Debit Rs.	Credit Rs.
<i>Creditors at beginning of period</i> (outstanding invoices at beginning of period equal to closing balances for previous period)		725,140
<i>Total invoices in period</i> (Total of your purchase invoices - gross figure)		1,205,270
<i>Total payments in period</i> (Total of payments from cash book for invoiced expenses)	1,021,820	
<i>Creditors at end of period</i> (Balancing figure, which should agree with prepared list)	908,590	
	1,930,410	1,930,410

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 supplies/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
- Mis-additions 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:



	<b>Rs.</b>	<b>Debit Rs.</b>	<b>Credit Rs.</b>
<i>Creditors at beginning of period</i>			725,140
<i>Total invoices received</i>			120,527
<i>Credit notes received</i>		36,290	
<i>Total payments</i>	1,021,820		
<i>Mis-addition</i>	<u>(5,430)</u>		
		1,016,390	
<i>Payments made from private account</i>		62,510	
<i>Discounts received</i>		23,750	
<i>Creditors at end of period</i>		<u>791,470</u>	
		<u>1,930,410</u>	<u>1,930,410</u>

### RECONCILIATION

	<b>Rs.</b>
Original creditors figure per list	711,090
Creditor paid after period not on.list	92,450
Creditor included twice	(16,720)
Invoice paid short, amount still outstanding	4,650
	<u>791,470</u>

Do call us if you would like further help or advice in this area