GRADE 11	LESSON 14

CREDITORS' RECONCILIATION

WORKSHEET 2
SUPPLIER'S STATEMENT

Financial records of the business
The business keeps record of all credit transactions with suppliers by entering information in the Creditors' Journal and the Creditors' Allowance Journal.
It is posted from the journals to the personal account of the creditor in the **Creditors' Ledger.**

The supplier is a creditor in the books of the business

Records of the supplier
The supplier keeps record of all the transactions done with the business in the books of the supplier. The supplier sends a statement to the business showing its record of transactions.

This is called the **supplier's (creditor's) monthly statement**

The business is a debtor in the supplier's books.

Differences
The supplier's statement is sent to the business at the end of the month so that it can be compared to the books of the business.

There could be differences between the statement and the creditor's ledger account due to:

- Outstanding invoices
- Outstanding credit notes
- Outstanding payments
- Discounts not recorded
- Errors
- Omissions

Comparison between the books of the business and books of the supplier

BOOKS OF THE BUSINESS

The supplier is a creditor in the books of the business

CREDITORS LEDGER OF SUN TRADERS

WW WHOLESALERS CI

Date		Details	Fo	Debit	Credit	Balance
Mar	1	Account rendered				8 500
	15	Invoice 363			2 000	6 500
	27	Receipt 642		5 700		800
		Discount received		800		0

Payments:
debit account of supplier
(decrease)

Buy goods:
credit account of supplier
(increase)

BOOKS OF THE SUPPLIER

The business is a debtor in the books of the supplier

STATEMENT FROM SUPPLIER

WW WHOLESALERS
100 Dey Road, Rosettenville, 0112

STATEMENT OF ACCOUNT

SUN TRADERS
PO BOX 5550
JOHANNESBURG

Date		Details / Doc no	Debit	Credit	Balance
Feb	25	Account rendered			9 400
	28	Invoice 098	1 100		10 500
Mar	2	Invoice 110	2 000		12 500
	18	Receipt R642		5 700	6 800
	25	Invoice 309	2 250		9 050

90 days	60 days	30 days	Current
		5 950	3 100

Terms – 5% discount if paid within 14 days

Reconciling the Creditor's Statement
with the
Creditors Ledger account

1	**At the end of the month before the creditor is paid** Compare the Creditor's Statement with the items in the Creditor's Ledger account
2	Tick off all items which appear in both the Creditor's Ledger account and the Creditor's Statement
3	Circle the amounts on the Creditor's statement that do not appear in the Creditor's Ledger account.
4	Circle the amounts in the Creditor's Ledger account that do not appear in the Creditor's statement
5	Use the additional information to record differences
6	Record the differences: • Enter in Creditors Journal or Creditors Allowance Journal – post to Creditors Ledger account • Creditors Reconciliation Statement
7	Calculate the correct creditor's balance

The Creditor's Reconciliation Statement
is a
continuation of the creditor's statement

EXAMPLE 1

REQUIRED

Ameen Traders has received the statement from Elsie's Wholesalers, a creditor.
The balance on their statement does not agree with the balance of their account in the Creditors Ledger.

Reconcile the statement with the ledger account of Elsie's Wholesalers

INFORMATION

ELSIE'S WHOLESALERS
100 Dey Road
ELSIE'S RIVER
0112

STATEMENT OF ACCOUNT

AMEEN TRADERS
PO BOX 5550
JOHANNESBURG

Date		Details / Doc no	Debit	Credit	Balance
May	1	Account rendered			21 480
	5	Receipt 702		12 000	9 480
		Discount		600	8 880
	7	Invoice 945	3 700C		12 580
	11	Invoice 1014	8 200C		20 780
	17	Credit note 419		810	19 970
	19	Invoice 1323	7 800C		27 770
	22	Invoice 1495	4 700X		32 470
	25	Invoice 1509	5 280C		37 750

Terms – 60 days
- 5% discount if paid within 30 days
Credit limit: R25 000

CREDITORS' LEDGER OF AMEEN TRADERS

ELSIE'S WHOLESALERS

Date		Details	fol	Debit	Credit	Balance
May	1	Balance				9 480
	7	Invoice 945			3 700C	13 180
	11	Invoice 1014			8 200C	21 380
	15	Debit note 334		900X		20 480
	22	Invoice 1323			7 800C	28 280
	23	Debit note 424		780X		27 500
	27	Invoice 1509			5 280C	32 780
		Debit note 518		1 280X		31 500
	30	Cheque 2197		8 436X		23 064
		Discount		444X		22 620

Additional information

1 Debit Note 334 issued on 15 May was subject to trade discount of 10%. Ameen Traders neglected to deduct the trade discount. Received Credit Note 419 from Elsie's Wholesalers.

2 Debit Note 424 was for goods returned to Elsie's Wholesalers.

3 Invoice 1495 was erroneously charged to Ameen Traders. These goods were not ordered or received by Ameen Traders.

4 Goods to the value of R1 280 were not supplied as per Invoice 1509. Issued Debit Note 518.

ANSWER

1 Mark off all corresponding items (✓)
2 Mark the amounts outstanding. (shaded)
3 Use additional information to start recording differences.

ELSIE'S WHOLESALERS

AMEEN TRADERS

Date		Details / Doc no	Debit	Credit	Balance
May	1	Account rendered			21 480
	5	Receipt 702		12 000	**9 480**
		Discount		600	8 880
	7	Invoice 945	✓3 700		12 580
	11	Invoice 1014	✓8 200		20 780
	17	Credit note 419		810	19 970
	19	Invoice 1323	✓7 800		27 770
	22	Invoice 1495	4 700		32 470
	25	Invoice 1509	✓5 280		37 750
Terms – 60 days					
- 5% discount if paid within 30 days					
Credit limit: R25 000					

CREDITORS' LEDGER OF AMEEN TRADERS

ELSIE'S WHOLESALERS

Date		Details	fol	Debit	Credit	Balance
May	1	Balance				**9 480**
	7	Invoice 945			✓3 700	13 180
	11	Invoice 1014			✓8 200	21 380
	15	Debit note 334		900		20 480
	22	Invoice 1323			✓7 800	28 280
	23	Debit note 424		780		27 500
	27	Invoice 1509			✓5 280	32 780
		Debit note 518		1 280		31 500
	30	Cheque 2197		8 436		23 064
		Discount		444		22 620

CREDITORS' LEDGER ACCOUNT: AMEEN TRADERS

	Debit	Credit	Balance
Balance			22 620
Discount	600		22 020
Credit Note 419 (adjustment)		90	**22 110**

CREDITORS RECONCILIATION STATEMENT: ELSIE'S WHOLESALERS			
	Debit	**Credit**	**Balance**
Balance			37 750
Debit Note 424		780	36 970
Debit Note 518		1 280	35 690
Cheque 2197		8 436	27 254
Discount		444	26 810
Invoice 1495 (goods not received)		4 700	**22 110**

Amounts must agree

OR

CREDITORS RECONCILIATION STATEMENT: ELSIE'S WHOLESALERS	
Balance	37 750
Debit note 424	(780)
Debit note 518	(1 280)
Payment not reflected	(8 436)
Discount not reflected	(444)
Invoice 1495 incorrectly debited	(4 700)
Balance as per Creditors Ledger account	**22 110**

ACTIVITY 1

REQUIRED
Zizi Traders has received the statement from Peter's Suppliers, a creditor.
The balance on their statement does not agree with the balance of their account in the Creditors Ledger.

Reconcile the statement with the ledger account of Peter's Suppliers.

INFORMATION

PETER'S SUPPLIERS

100 Dey Road
Rosettenville
0112

STATEMENT OF ACCOUNT

ZIZI TRADERS
PO BOX 5550
JOHANNESBURG

Date		Details / Doc no	Debit	Credit	Balance
Feb	25	Account rendered			28 140
	26	Invoice 061	4 560		32 700
	28	Invoice 098	11 100		43 800
Mar	2	Invoice 110	22 200		66 000
	8	Invoice 208	6 300		72 300
	18	Receipt R880		41 610	30 690
	25	Invoice 309	2 250		32 940

90 days	60 days	30 days	Current
		2 190	27 960
Terms – 5% discount if paid within 14 days			

CREDITORS LEDGER OF ZIZI TRADERS

PETER'S SUPPLIERS

Date		Details	Fol	Debit	Credit	Balance
Mar	1	Balance				**43 800**
	4	Invoice 110	CJ		20 220	64 020
	10	Cheque	CPJ	41 610		22 410
		Discount (43 800 x 5%)	CPJ	2 190		20 220
	11	Invoice 208	CJ		5 670	25 890
	27	Invoice 401	CJ		9 000	34 890

ADDITIONAL INFORMATION

1 The cheque sent by Zizi Traders on 10 March to settle the account was not received by Peter's Suppliers within 14 days and therefore they did not allow the discount.

2 Refer to Invoice 110. The amount was correctly recorded in Zizi's books.

3 Refer to Invoice 208. Peter's Suppliers did not deduct 10% trade discount as per agreement. Zizi Traders send a debit note DN 405 to request for the discount omitted on the statement of Peter's Suppliers.

4 The bookkeeper has not yet entered Invoice 309 in the Creditors Journal of Zizi Traders.

ANSWER

RECONCILIATION STATEMENT: PETER'S SUPPLIERS

	Debit	Credit	Balance

CREDITORS' LEDGER ACCOUNT: PETER'S SUPPLIERS

	Debit	Credit	Balance

ANSWERS	LESSON 14

ACTIVITY 1

RECONCILIATION STATEMENT: PETER'S SUPPLIERS

	Debit	Credit	Balance
Balance			32 940
Invoice 110		1 980	30 960
Invoice 208		630	30 330
Invoice 401	9 000		**39 330**

CREDITORS' LEDGER ACCOUNT: PETER'S SUPPLIERS

	Debit	Credit	Balance
Balance			34 890
Discount cancelled		2 190	37 080
Invoice 309		2 250	**39 330**

BOOKS OF THE BUSINESS

The supplier is a creditor in the books of the business

CREDITORS LEDGER OF ZIZI TRADERS

WW WHOLESALERS **CI**

Date		Details	Fo	Debit	Credit	Balance
Mar	1	Account rendered				8 500
	15	Invoice 363			2 000	6 500
	27	Receipt 642		5 700		800
		Discount received		800		0

Payments:
debit account of supplier
(decrease)

Buy goods:
credit account of supplier
(increase)

BOOKS OF THE SUPPLIER

The business is a debtor in the books of the supplier

STATEMENT FROM SUPPLIER

WW WHOLESALERS

100 Dey Road, Rosettenville, 0112

STATEMENT OF ACCOUNT

ZIZI TRADERS
PO BOX 5550
JOHANNESBURG

Date		Details / Doc no	Debit	Credit	Balance
Feb	25	Account rendered			9 400
	28	Invoice 098	1 100		10 500
Mar	2	Invoice 110	2 000		12 500
	18	Receipt R642		5 700	6 800
	25	Invoice 309	2 250		9 050

90 days	60 days	30 days	Current
		5 950	3 100

Terms – 5% discount if paid within 14 days