

How to Balance 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 £
<i>Creditors at beginning of period</i> (Unpaid invoices at beginning of period equal to closing balances for previous period)		7632.95
<i>Total invoices in period</i> (Total of purchase day book list of invoices - gross figure)		12687.32
<i>Total payments in period</i> (Total of purchase cash book for invoiced expenses)	10750.61	
<i>Creditors at end of period</i> (Balancing 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 debit 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
- Mis-additions of payments, invoices, or creditors totals, or duplication of invoices, payments, or creditors in listings

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The amended purchase ledger control account might look as follows:

	£	Debit £	Credit £
<i>Creditors at beginning of period</i>			7632.95
<i>Total invoices</i>			12687.32
<i>Credit notes</i>		382.27	
<i>Total payments</i>	10750.61		
<i>Mis-addition</i>	(57.09)		
	10693.52		
<i>Payments made from private account</i>		657.90	
<i>Discounts received</i>		249.61	
<i>Creditors at end of period</i>		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