

Chapter 1

Control Accounts

In this chapter we will be looking at Control Accounts.

We shall look at how the Receivables Ledger Control account summarises all the transactions with credit customers.

We shall look at how the Payables Ledger Control account summarises all the transactions with credit suppliers.

We shall see how the Subsidiary Ledgers are regularly reconciled with the Control Accounts

We will look at what entries are made in the VAT Control account.

You should already have a basic knowledge of double entry bookkeeping. (If you haven't, you should study this topic before continuing with this book. The book *Introduction to Bookkeeping* will cover the topics required and is available from the same author.) If you have, you will be aware that the accounts of a business are kept in separate accounts covering all the financial transactions. There will be many accounts and if not managed carefully can become unwieldy. Accounts are kept for different reasons even within the same business. Some members of the finance team will deal with individual customers (the receivables ledger), while others will deal with purchases from suppliers (the payables ledger) and there will be others who will deal with payroll. Those who deal purely with preparing a Trial Balance or Financial Statements will see some of this information unnecessary. To calculate how much profit a business has made it is not necessary to study the accounts of each and every customer, or the wages of each individual employee. To make information easier to extract from our accounts a business may use **control accounts**. Control accounts are summaries of sets of accounts. They are very useful because they get rid of the large amount of detail which is not always required. The detail will still be recorded, but the double entry in the general ledger will be kept clear of clutter.

Receivables Ledger Control Account

Businesses want to know how much is owed by credit customers, and we would have to add up all the totals from the Receivables Ledger each time this information was required. To get round this inconvenience we need to draw up a **Receivables Ledger Control Account**. The Receivables Ledger Control account will only contain a summary of the Receivables Ledger. (Think of the word 'control' meaning 'summary').

CHAPTER 1
Control Accounts

In the Receivables Ledger Control account each individual customer account will **not** be part of the double entry. Instead, a **Subsidiary Receivables Ledger** will contain these accounts. The double entry will be made in the Receivables Ledger Control instead.

Let's look at how the Receivables Ledger Control account works.

Firstly, we have all the credit customer accounts in the Receivables Ledger. When it's not part of the double entry system it will be called the Subsidiary Receivables Ledger.

SUBSIDIARY RECEIVABLES LEDGER

<i>Dr</i>		<i>G Hall Account</i>				<i>Cr</i>
<i>Date</i>	<i>Details</i>	<i>£</i>	<i>Date</i>	<i>Details</i>	<i>£</i>	
4th Aug	Invoice 3695	421.14				

<i>Dr</i>		<i>H Lewis Account</i>				<i>Cr</i>
<i>Date</i>	<i>Details</i>	<i>£</i>	<i>Date</i>	<i>Details</i>	<i>£</i>	
11th Aug	Invoice 3696	510.74				
26th Aug	Invoice 3698	311.82				

<i>Dr</i>		<i>I Harris Account</i>				<i>Cr</i>
<i>Date</i>	<i>Details</i>	<i>£</i>	<i>Date</i>	<i>Details</i>	<i>£</i>	
18th Aug	Invoice 3697	385.87				

<i>Dr</i>		<i>K Khan Account</i>				<i>Cr</i>
<i>Date</i>	<i>Details</i>	<i>£</i>	<i>Date</i>	<i>Details</i>	<i>£</i>	
27th Aug	Invoice 3699	395.70				

There would probably be many more customers than this, but just four are shown here so it's easier to follow.

At regular intervals, according to company policy, the total from the Sales Day Book will be posted to the Receivables Ledger Control account.

<i>Dr</i>		<i>Receivables Ledger Control Account</i>				<i>Cr</i>
<i>Date</i>	<i>Details</i>	<i>£</i>	<i>Date</i>	<i>Details</i>	<i>£</i>	
31st Aug	Sales Day Book	2025.27				

CHAPTER 1
Control Accounts

You can probably see that the total of all the individual customer accounts will match the total of the Receivables Ledger Control Account.

Now let's look at what happens when the customer pays. Let's assume he pays on 2nd September.

<i>Dr</i>		CASH BOOK						<i>Cr</i>
Date	Detail	Cash	Bank	Date	Detail	Cash	Bank	
2 nd Sept	G Hall		421.14					

<i>Dr</i>		Receivables Ledger Control Account				<i>Cr</i>
Date	Details	£	Date	Details	£	
31 st Aug	Sales Day Book	2,025.27	2 nd Sept	Cash Book	421.14	

The cash book will be debited with payment and the Receivables Ledger Control account will be credited. Remember not to record the sale (or the VAT) again. This was done when goods were purchased 4th August.

Don't forget that you will also need to update the Subsidiary Receivables Ledger.

<i>Dr</i>		G Hall Account				<i>Cr</i>
Date	Details	£	Date	Details	£	
4 th Aug	Invoice 3695	421.14	2 nd Sept	Cash Book	421.14	

The Receivables Ledger Control Account will show the amount owing to the business from credit customers. In order to draw up the financial statements of a business, this is all that we need to know about the credit customers. The detail of which customers and what has and hasn't been paid will be of interest to the receivables ledger team, but not the financial statements team.

You can see that debit entries will increase what is owed and credit entries will decrease what is owed. In accounting, any money owed **to** the business is an asset, which is a debit. Payments made by customers decrease what is owed and so will reduce the asset with a credit entry.

CHAPTER 1
Control Accounts

Let's now look at the entries which we may find in the Receivables Ledger Control Account.

<i>Dr</i> Receivables Ledger Control Account <i>Cr</i>					
<i>Date</i>	Details	£	<i>Date</i>	Details	£
	Balance b/d			Amounts received from credit customers	
	Credit Sales			Discounts allowed	
	Returned cheques			Sales Returns	
				Irrecoverable debts	
				Contra (set off)	
				Balance c/d	

Let's look at the debit entries to start with.

Firstly, there will be a balance brought down (b/d.) This will be a debit entry as there will always be some credit customers who owe money.

We have seen that credit sales are entered as a debit. The figure will come from the Sales Day Book and will be the gross amount – the customer owes you the VAT as well as the net price of the goods.

Returned cheques will mainly be dishonoured cheques (cheques which have 'bounced'). If the customer doesn't have sufficient funds in their account to cover the cheque, then the money won't be paid and the cheque will be returned.

Now let's see what the credit entries may be.

The most obvious credit entry will be money received from the customer. Credit customers will eventually pay for the goods. This will probably be by an electronic payment, but could be by cheque or even cash.

Discounts allowed are the discounts from a prompt payment agreement. It is common for businesses to offer a discount if the customer pays early. This will reduce the amount that is owed by the customer. To record this using double entry, we will also need entries in the discounts allowed account and the VAT account.

Sales returns will also be a credit entry. If a customer returns goods because they are faulty or unsuitable then the business will raise a credit note for the amount of the goods returned. This will reduce the amount owed by the customer and so will be a credit entry. The figure will be found from the Sales Returns Day Book and will be the gross amount since they won't be paying the VAT on these goods either.

CHAPTER 1
Control Accounts

Irrecoverable debts are amounts that won't be paid by the customer. Of course, the business will pursue the payment when it becomes overdue, but there comes a time when all efforts to recover the money have failed. This happens most commonly when the customer has gone out of business. We'll look at irrecoverable debts in more detail later in this book

A contra (sometimes called a 'set off') is where the customer is also a supplier. Only the difference between what the customer owes the business and what the business owes the supplier needs to be paid. How much to reduce the amount owed will be agreed between the customer/supplier and the business, but it is customary to reduce one of the balances to zero. For example, if J Smith owes your company £2,000 and you owe J Smith £1,500 then the contra will be for £1,500 which has the effect of reducing what J Smith owes you to £500 and you will owe J Smith nothing.

Finally, there will be the balance carried down (c/d). Remember, this figure will eventually be brought down to the debit side of the account, ready for the next period, but you need to remember that the balance c/d and the balance b/d will be on different sides of the account.

It's important that the Receivables Ledger Control account is checked with the total amounts for each customer. Each company will **reconcile** the Receivables Ledger Control account with the Subsidiary Receivables Ledger. ('Reconcile' means 'agree'). How often this is done is up to each individual company. In our example it is monthly.

Let us look at how the Receivables Ledger Control account is reconciled.

Reconciliation of Receivables Ledger Control Account		
31st August 2023		
	£	£
G Hall	421.14	
H Lewis	822.56	
I Harris	385.87	
K Khan	<u>395.70</u>	
TOTAL	2025.27	
TOTAL PER RECEIVABLES LEDGER CONTROL		2025.27
Discrepancy (if any)	<u>nil</u>	

The two columns shown do not represent debits and credits. There are two columns simply to make it easier to see the different totals.

CHAPTER 1
Control Accounts

Of course, if there were a discrepancy then you would need to investigate immediately. Discrepancies may occur for several reasons:

- An adjustment was made in the general ledger, but was omitted from the individual customer account. (Adjustments to the general ledger are made by journals, which we will look at later in this book.)
- A cash sale was accidentally posted to the Receivables Ledger Control account.
- The date the balance was taken from the Receivables Ledger Control account was different from the date on the individual customer accounts.
- The Receivables Ledger Control account has been updated with the latest transaction but not yet entered into the individual customer accounts (or it may be the other way round).
- A balance from an individual customer account has been copied wrongly.
- An invoice was omitted from either the individual customer account or the Receivables Ledger Control account.
- A discount has not been entered into one or other of the Subsidiary Receivables Ledger or the Receivables Ledger Control.

EXAM ALERT!

Suggesting a reason for a discrepancy between the Subsidiary Receivables Ledger and the Receivables Ledger Control is a common question in exams. Many students make errors in deciding on the reason for the discrepancy when it involves a discount. Remember that discounts will reduce the balance total. If the total of the balances in the Subsidiary Receivables Ledger is higher than the balance on the Receivables Ledger Control then the discrepancy could be because the discount has been omitted from one of the Subsidiary Receivables Ledger accounts – not the Receivables Ledger Control.

EXAM ALERT!

One tip to note in spotting errors. If the discrepancy is 9 or a multiple of 9, first check to see if there has been a reversal of figures. For example, a 45 may have been written as a 54. You will notice that the difference between these two figures is 9. A difference of 9 or a multiple of 9 will often indicate a reversal of figures.

CHAPTER 1
Control Accounts

Payables Ledger Control

Just as before with receivables, many companies will summarise their Payables Ledger in a **Payables Ledger Control account**.

Let's look at how the Payables Ledger Control account works.

Firstly, we have all the credit supplier accounts in the Payables Ledger. When it's not part of the double entry system it will be called the Subsidiary Payables Ledger or Memorandum account.

SUBSIDIARY PAYABLES LEDGER

<i>Dr</i>		<i>L Wilkinson Account</i>				<i>Cr</i>	
Date	Details	£	Date	Details	£		
3 rd Sept	Purchases Returns Daybook	60.00	1 st Sept	Purchases Daybook	600.00		

<i>Dr</i>		<i>M Ahmed Account</i>				<i>Cr</i>	
Date	Details	£	Date	Details	£		
10 th Sept	Purchases Returns Daybook	120.00	8 th Sept	Purchases Daybook	420.00		
			29 th Sept	Purchases Daybook	750.60		

<i>Dr</i>		<i>Immingham Phones Account</i>				<i>Cr</i>	
Date	Details	£	Date	Details	£		
			15 th Sept	Purchases Daybook	87.07		

<i>Dr</i>		<i>Powell Motors Account</i>				<i>Cr</i>	
Date	Details	£	Date	Details	£		
			29 th Sept	Purchases Daybook	311.82		

CHAPTER 1
Control Accounts

There would probably be many more suppliers than this, but just four are shown here so it's easier to follow. Here we have purchases returns as well as credit purchases.

At regular intervals, according to company policy, the total from the Purchases Day Book and the Purchases Returns Day Book will be posted to the Payables Ledger Control account.

<i>Dr</i>		<i>Payables Ledger Control Account</i>				<i>Cr</i>
<i>Date</i>	<i>Details</i>	<i>£</i>	<i>Date</i>	<i>Details</i>	<i>£</i>	
30th Sept	Purchases Returns Daybook	180.00	30th Sept	Purchases Daybook	2,169.49	

You can probably see that the total of all the individual supplier accounts will match the total of the Payables Ledger Control Account.

Now let's look at what happens when we pay our supplier. Let's assume we pay on 3rd October.

<i>Dr</i>		<i>CASH BOOK</i>						<i>Cr</i>
<i>Date</i>	<i>Detail</i>	<i>Cash</i>	<i>Bank</i>	<i>Date</i>	<i>Detail</i>	<i>Cash</i>	<i>Bank</i>	
				3rd Oct	M Ahmed		1,050.60	

<i>Dr</i>		<i>Payables Ledger Control Account</i>				<i>Cr</i>
<i>Date</i>	<i>Details</i>	<i>£</i>	<i>Date</i>	<i>Details</i>	<i>£</i>	
30th Sept	Purchases Returns Daybook	180.00	30th Sept	Purchases Day Book	2,169.49	
3rd Oct	Cash Book	1,050.60				

The cash book will be credited with payment and the Payables Ledger Control account will be debited. Remember not to record the purchase (or the VAT) again. This was done when the purchase was made on 10th September

Don't forget that you will also need to update the Subsidiary Payables Ledger.

<i>Dr</i>		<i>M Ahmed Account</i>				<i>Cr</i>
<i>Date</i>	<i>Details</i>	<i>£</i>	<i>Date</i>	<i>Details</i>	<i>£</i>	
10th Sept	Purchases Returns Daybook	120.00	8th Sept	Purchases Daybook	420.00	
3rd Oct	Cash Book	1,050.60	29th Sept	Purchases Daybook	750.60	

The Payables Ledger Control Account will show the amount owing to credit suppliers. In order to draw up the financial statements of a business, this is all that we need to know about the credit suppliers. The detail of which suppliers and what has and hasn't been paid

CHAPTER 1
Control Accounts

will be of interest to the payables ledger team, but not the people interested in the financial statements.

You can see that credit entries will increase what is owed and debit entries will decrease what is owed. In accounting, any money owed to someone else is a liability, which is a credit. Payments made to suppliers decrease what is owed and so will reduce the liability with a debit entry.

Let's now look at the entries which we may find in the Payables Ledger Control Account.

<i>Dr</i> Payables Ledger Control Account <i>Cr</i>					
<i>Date</i>	<i>Details</i>	<i>£</i>	<i>Date</i>	<i>Details</i>	<i>£</i>
	Payments made to credit suppliers			Balance b/d	
	Discounts received			Credit Purchases	
	Purchases Returns				
	Contra (set off)				
	Balance c/d				

Let's look at the credit entries to start with.

Firstly, there will be a balance b/d. This will be a credit entry as it's likely that there will always be some money we owe to credit suppliers.

We have seen that credit purchases are entered as a credit. The figure will come from the Purchases Day Book and will be the gross amount – you owe the VAT as well as the net price of the goods.

Now let's see what the debit entries may be.

The most obvious debit entry will be money paid to suppliers. We will pay for the goods eventually. This will probably be by an electronic payment, but could be by cheque or even cash.

Discounts received are the discounts from a prompt payment agreement. It reduces the amount we owe to the supplier. This will require entries in the discounts received account and the VAT account.

If purchases are a credit entry in the Payables Control Account, the purchases returns will be a debit entry. If we return goods because they are faulty or unsuitable then (as long as it's agreed by both parties) the supplier will raise a credit note for the amount of the goods returned. This will reduce the amount owed to the supplier and so will be a debit entry. The figure will be found from the Purchases Returns Day Book and will be the gross amount since we won't be paying the VAT on these goods either.

CHAPTER 1
Control Accounts

We saw earlier what a contra (sometimes called a 'set off') is. This is a debit entry in the Payables Ledger Control account. How much to reduce the amount owed will be agreed between the customer/supplier and the business.

Finally, there will be the balance c/d. Remember that this figure will be brought down to the credit side of the account, but you need to remember that the balance c/d and the balance b/d will be on different sides of the account.

It's important that the Payables Ledger Control account is checked with the total amounts for each supplier. Each company will reconcile the Payables Ledger Control account with the Subsidiary Payables Ledger. It is done in the same way as a reconciliation of the Receivables Ledger. How often this is done is up to each individual company.

VAT Control Account

You will have already come across the VAT account in your earlier studies. This is a control account because it summarises all the VAT amounts within the business. It shows the amounts of VAT received from customers and the amounts paid to suppliers. The balance on the account will show how much we owe the Her Majesty's Revenue and Customs (HMRC) or how much refund we are due.

Let's look at the possible entries in the VAT control account.

<i>Dr</i>			<i>VAT Control Account</i>			<i>Cr</i>		
<i>Date</i>	<i>Details</i>	<i>£</i>	<i>Date</i>	<i>Details</i>	<i>£</i>			
	(Balance b/d)			(Balance b/d)				
	VAT on purchases			VAT on sales				
	VAT on sales returns			VAT on purchases returns				
	VAT on discounts allowed			VAT on discounts received				
	VAT on expenses			VAT other income				
	VAT on capital goods bought			(Balance c/d)				
	(Balance c/d)							

The VAT Control account will usually start with a balance b/d. It's shown on both sides of the account above. This doesn't mean that there will be two balances; it means that the balance could be **either** a debit or a credit. A debit balance means that a refund is due from HMRC, while a credit balance means that we owe money to HMRC.

VAT on purchases seems quite straightforward, but remember that it includes both credit and cash purchases. You should remember that the VAT on sales will also be for both cash and credit sales.

The VAT on sales and purchases returns is also accounted for here. Sales returns are a debit and purchases returns are a credit. Remember sales returns are on the opposite side to the sales and purchases returns are on the opposite side to the purchases.

CHAPTER 1 Control Accounts

Discounts refers only to Prompt Payment Discounts. Other types of discount simply reduce the selling price. Discounts allowed are those offered to your customers, while discounts received are those offered by your suppliers.

Purchases in accounting refers only to those goods you buy with the intention of selling to customers as part of your trade. However, you will buy other goods and services to keep your business running. There may be office stationery, vehicle repairs and maintenance or electricity. In accounting these are expenses (not purchases). The suppliers will all charge VAT on these items and you must account for this VAT in the VAT Control account.

We saw what Capital expenditure was in the Introduction to Bookkeeping unit. It may include production machinery, delivery vehicles or even the property you buy. You will be charged VAT on all these goods and it will be accounted for in the VAT Control account.

Other income means income from item's not seen as part of your trade. You may rent spare office space, or you may sell your old delivery vehicle. You must charge VAT on these items and account for it in the VAT Control account.

Finally, remember there will be a balance c/d. The balance b/d will be brought down to the opposite side of the account, ready for the next period. As we have seen above this can be on either side of the account depending on whether you owe money to HMRC or if you are due a refund.

The VAT Control account is an important part of any accounting system. It is a requirement that all VAT registered businesses must keep this account and it will be inspected when the VAT officers visit for routine inspections.

When using a computerised accounting system, control accounts will usually be updated automatically. The program usually doesn't allow these accounts to be changed or deleted. It will mean that a full reconciliation may not be necessary, as the program will always ensure that the control account and the subsidiary accounts always balance. However, it does not mean that the accounts should not be checked regularly. If there is an error in input, it needs to be identified as soon as possible.

CHAPTER 1
Control Accounts

Chapter Summary

- Control accounts are used to summarise parts of the accounting system. They make it easier to see an overall picture of the business's financial position.
- The Receivables Ledger Control summarises all the credit sales made by the business, and shows a summary of the transactions made with credit customers.
- The Subsidiary Receivables Ledger is regularly reconciled with the Receivables Ledger Control.
- The Payables Ledger Control summarises all the credit purchases made by the business, and shows a summary of the transactions made with credit suppliers.
- The Subsidiary payables Ledger is regularly reconciled with the Payables Ledger Control.
- It is a requirement that all VAT registered businesses maintain a VAT Control account.
- The VAT Control account summarises all the VAT amounts passing through the business.

Practice Questions

Chapter 1

1.1

The following transactions appear in the Receivables Ledger Control.

Opening Balance	£16,700
Credit sales	£8,100
Sales Returns	£720
Payments received	£11,300
Contra (set off)	£300

- (a) Calculate the closing balance
- (b) Say whether the closing balance (the balance b/d) will be a debit or a credit

CHAPTER 1
Control Accounts

1.2

- (a) Complete the Receivables Ledger Control account for Premier Trading Ltd (shown below) for September 2023 from the following summary of transactions.

Balance as at 1 st September	£90,750
Credit sales	£142,300
Money received from credit customers	£115,450
Irrecoverable debt written off	£750
Goods returned by credit customers	£925
Discounts allowed	£360

P Green is both a credit customer and a credit supplier. The balance owing to Premier Trading Ltd is £2,560 while Premier Trading Ltd owes £1,220 to P Green. It has been agreed to set these amounts off.

Receivables Ledger Control Account					
Dr	Date	Details	£	Date	Cr

- (b) Balance off the account clearly showing the balance c/d and the new balance b/d.

CHAPTER 1
Control Accounts

1.3

The following subsidiary receivables ledger balances were showing on 30th September 2023.

C Palmer	£14,705	Debit
Perry & Co	£6,787	Debit
D Rowell	£40,721	Debit
P Green	£2,560	Debit
Carter & Carter	£21,382	Debit
Bryant & May	£20,361	Debit
L Miller & Sons	£9,049	Debit

(a) Reconcile these balances with the receivables ledger control balance you calculated in task 1.2.

Reconciliation of Receivables Ledger Control Account		
30th September 2023		
	£	£
C Palmer		
Perry & Co		
D Rowell		
P Green		
Carter & Carter		
Bryant & May		
L Miller & Sons	_____	
TOTAL		
TOTAL PER RECEIVABLES LEDGER CONTROL		
Discrepancy (if any)	_____	

(b) What may have caused the discrepancy?

.....

CHAPTER 1
Control Accounts

1.4

The following transactions appear in the Payables Ledger Control.

Opening Balance	£15,030
Credit purchases	£7,290
Purchases Returns	£648
Payments made	£10,170
Contra (set off)	£270

- (a) Calculate the closing balance
- (b) Say whether the closing balance (the balance b/d) will be a debit or a credit

CHAPTER 1
Control Accounts

1.5

- (a) Complete the Payables Ledger Control account for Premier Trading Ltd (shown below) for October 2023 from the following summary of transactions.

Balance as at 1 st October	£40,240
Credit purchases	£17,269
Payments made to credit suppliers	£11,000
Goods returned to credit suppliers	£740
Discounts received	£200

H Khan is both a credit customer and a credit supplier. The balance owing to Premier Trading Ltd is £1,560 while Premier Trading Ltd owes £750 to H Khan. It has been agreed to set these amounts off.

Payables Ledger Control Account					
Dr	Date	Details	£	Date	Cr

- (b) Balance off the account clearly showing the balance c/d and the new balance b/d.

CHAPTER 1
Control Accounts

1.6

The following subsidiary payables ledger balances were showing on 31st October 2023.

Day & Hunter	£9,962	Credit
Hurst Supplies	£1,316	Credit
Gray Software	£12,283	Credit
H Khan	£0	
Booth Bros	£6,980	Credit
Mayflower Ltd	£13,599	Credit
Wolff & Co	£879	Credit

(a) Reconcile these balances with the payables ledger control balance you calculated in task 1.5.

Reconciliation of Payables Ledger Control Account		
31st October 2023		
	£	£
Day & Hunter		
Hurst Supplies		
Gray Software		
H Khan		
Booth Bros		
Mayflower Ltd		
Wolff & Co	_____	
TOTAL		
TOTAL PER PAYABLES LEDGER CONTROL		
Discrepancy (if any)	_____	

(b) What may have caused the discrepancy?

.....

CHAPTER 1
Control Accounts

1.7

The following transactions appear in the VAT Control Account.

Opening Balance	£8,960 (Credit)
VAT on Credit purchases	£3,712
VAT on Credit Sales	£4,480
VAT on Cash Sales	£6,720
VAT on discounts allowed	£90
VAT on office stationery	£270
VAT on sales returns	£230
VAT on discounts received	£75

- (a) Calculate the closing balance
- (b) Say whether the closing balance will be an amount owing to HMRC or a refund from HMRC

CHAPTER 1
Control Accounts

1.8

The following figures have been taken from the books of prime entry for the three months ended 30th November 2023. There was no opening balance.

Sales Day Book		
Net	VAT	Total
£72,800	£14,560	£87,360

Purchases Day Book		
Net	VAT	Total
£30,160	£6,032	£36,192

Sales Returns Day Book		
Net	VAT	Total
£1,875	£375	£2,250

Purchases Returns Day Book		
Net	VAT	Total
£1,450	£290	£1,740

Cash Book: Cash Sales		
Net	VAT	Total
£3,225	£645	£3,870

Discounts Allowed Day Book		
Net	VAT	Total
£970	£194	£1,164

(a) Write up the VAT control account shown below.

VAT Control Account					
Dr	Date	Details	£	Date	Cr

- (b) Balance the account clearly showing the balance b/d
- (c) Will the balance be an amount owing to HMRC or refunded from HMRC?

There are additional questions on these topics in Chapter 1 of the Principles of Bookkeeping Controls Revision Kit which accompanies this book.