

- 5 Sunita has prepared a trial balance at 31 December 2023 and a draft income statement for the year ended 31 December 2023.

Sunita later discovered the following errors.

- 1 The total of the sales returns journal for November 2023, \$3524, had been credited to the purchases account.
- 2 The purchases journal for July 2023 had been undercast by \$90.
- 3 The total of the sales journal for May 2023, \$19415, had not been posted to the sales account.
- 4 A payment received from P. Mattel, \$129, had been debited to the account for M. Patel.
- 5 Capital introduced by Sunita, \$5000, had been debited to the bank account but no other entry had been made.
- 6 A rent payment, \$500, had been posted to the rent expense account as \$50.

REQUIRED

- (a) Prepare the journal entry to correct error **1 only**. A narrative **is** required.

Sunita Journal			
Error number	Details	Debit \$	Credit \$
<i>1</i>			
.....
.....
.....
.....

[4]

- (b) Prepare the suspense account. Include the balancing figure as the original difference on the trial balance.

Sunita
Suspense account

Date	Details	\$	Date	Details	\$
.....
.....
.....
.....
.....
.....

[7]

- (c) Calculate the corrected profit figures in the tables below:

(i)

	\$
<i>Original gross profit per draft financial statements</i>	66 223
Gross profit for the year after correcting errors	

[4]

(ii)

	\$
<i>Original profit for the year per draft financial statements</i>	<i>28 750</i>
Profit for the year after correcting errors	

[3]

Sunita's gross margin is 40%.

REQUIRED

(d) Calculate Sunita's sales revenue for the year ended 31 December 2023.

.....
 [2]

[Total: 20]

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Question	Answer						Marks
5(a)	Sunita Journal						4
	Error number	Details			Debit \$	Credit \$	
1	Purchases (1) Sales returns (1) Suspense (1) Correction of error of posting sales returns journal for November 2023 (1)			3 524 3 524	7 048		
5(b)	Sunita Suspense account						7
	Date 2023 Dec 31	Details	\$	Date 2023 Dec 31	Details	\$	
	Sales (1)	19 415		Trial balance difference (1)OF	17 085		
	M. Patel }(1)	129		Purchases }(1)	3 524		
	P. Mattel }	129		Sales returns }	3 524		
	Capital (1)	5 000		Purchases (1)	90		
				Rent expense (1)	450		
		24 673			24 673		
5(c)(i)	\$						4
Original gross profit per draft financial statements			66 223				
Error 1 (\$3524 × 2)			(7 048) (1)				
Error 2			(90) (1)				
Error 3			19 415 (1)				
Gross profit for the year after correcting errors			78 500 (1)OF				

Question	Answer	Marks
5(c)(ii)	<div style="text-align: right; margin-right: 20px;">\$</div> <div style="display: flex; justify-content: space-between;"> <div> <i>Original profit for the year per draft financial statements</i> Adjustment from 5(c)(i) (78 500 – 66 223) Error 6 <i>Profit for the year after correcting errors</i> </div> <div style="text-align: right;"> 28 750 12 277 <u>(450)</u> 40 577 </div> <div style="text-align: right; font-weight: bold;"> (1)OF (1) (1)OF </div> </div>	3
5(d)	Gross profit = $\frac{78\,500}{1}$ OF $\times \frac{100}{40}$ (1) whole formula = \$196 250 (1)OF	2