

- 3 Eshe is a trader. She has prepared a trial balance at 31 March 2023. The totals did not agree and the difference was placed in a suspense account.

Eshe later discovered the errors shown in the following table.

REQUIRED

- (a) Complete the table to show the entries required to correct each error. The first one has been completed as an example.

Error	Entries required to correct the error			
	Debit		Credit	
	Account	\$	Account	\$
A payment for rent, \$300, had been debited to the insurance account.	<i>Rent paid</i>	<i>300</i>	<i>Insurance</i>	<i>300</i>
Credit sales to Raymond of \$105 had been debited to the sales account and credited to Raymond's account.

Eshe's total drawings from the bank for her own use, \$9500, had been debited to the cash account.

A purchases invoice from Danika for \$137 had been recorded in her account and in the purchases journal as \$173.

Returns inwards, \$44, had not been recorded in the returns inwards account.

The motor expenses account had been overcast by \$100.

[10]

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

Eshe
Suspense account

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

[3]

Eshe's capital at 1 April 2022 was \$31 000. Her draft profit for the year ended 31 March 2023 **before** correction of the errors was \$15 600.

REQUIRED

- (c)** Calculate Eshe's capital at 31 March 2023 **after** the errors have been corrected.

[7]

[Total: 20]

Question	Answer					Marks
3(a)		Entries required to correct the error				10
	Error	Debit		Credit		
		Account	\$	Account	\$	
	A payment for rent, \$300, had been debited to the insurance account.	Rent paid	300	Insurance	300	
	Sales to Raymond of \$105, had been debited to the sales account and credited to Raymond's account.	Raymond	210 (1)	Sales	210 (1)	
	Eshe's total drawings from the bank for her own use, \$9 500, had been debited to the cash account.	Drawings	9 500 (1)	Cash	9 500(1)	
	A purchases invoice from Danika for \$137, had been recorded in her account and in the purchases journal as \$173.	Danika	36 (1)	Purchases	36 (1)	
	Returns inwards, \$44, had not been recorded in the returns inwards account.	Returns inwards	44 (1)	Suspense	44 (1)	
	The motor expenses account had been overcast by \$100.	Suspense	100 (1)	Motor expenses	100 (1)	

Question	Answer						Marks																								
3(b)	<div>Eshe Suspense account</div> <table><tr><th>Date</th><th>Details</th><th>\$</th><th>Date</th><th>Details</th><th>\$</th></tr><tr><td>2023 Mar 31</td><td>Motor expenses</td><td>(1) 100</td><td>2023 Mar 31</td><td>Difference on trial balance</td><td>56</td></tr><tr><td></td><td></td><td></td><td></td><td>(1)OF Returns inwards</td><td>44</td></tr><tr><td></td><td></td><td>100</td><td></td><td></td><td>100</td></tr></table>						Date	Details	\$	Date	Details	\$	2023 Mar 31	Motor expenses	(1) 100	2023 Mar 31	Difference on trial balance	56					(1)OF Returns inwards	44			100			100	3
Date	Details	\$	Date	Details	\$																										
2023 Mar 31	Motor expenses	(1) 100	2023 Mar 31	Difference on trial balance	56																										
				(1)OF Returns inwards	44																										
		100			100																										