2 Paul is a trader. He maintains a three-column cash book. Paul has prepared draft financial statements for the year ended 31 March 2024.

Paul later discovered the following five errors in his accounting records for the year ended 31 March 2024.

1   A purchase invoice, $140, had been debited to the account for office equipment.

2   Cash discount received, $18, had been recorded in the bank payments column of the cash book.

3   Carriage inwards, $82, had been credited to the carriage outwards account.

4   A payment for insurance, $375, had been debited to the bank account and credited to the insurance account.

5   The bank receipts column of the cash book for February 2024 had been undercast by $90.

REQUIRED

(a) Prepare the journal entries required to correct these five errors. Narratives are **not** required.

Paul
Journal

Error number	Details	Debit $	Credit $
....	....	....	....
....	....	....	....
....	....	....	....
....	....	....	....
....	....	....	....
....	....	....	....
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....	....	....	....
....	....	....	....
....	....	....	....
....	....	....	....
....	....	....	....
....	....	....	....
....	....	....	....
....	....	....	....
....	....	....	....

[11]

(b) Calculate the corrected bank balance at 31 March 2024.

	$
Original cash at bank balance per draft financial statements	*3290*
Bank balance **after** correcting errors	

[4]

(c) Calculate the corrected profit for the year ended 31 March 2024.

	$
Original profit for the year per draft financial statements	*9268*
Profit for the year **after** correcting errors	

[5]

[Total: 20]

Question	Answer	Marks
2(a)	Paul Journal 	Error number	Details		Debit $	Credit $
---	---	---	---	---
1	Purchases **(1)** Office equipment **(1)**		140	 140
2	Bank **(1)** Discount received **(1)**		18	 18
3	Carriage inwards **(1)** Carriage outwards **(1)** Suspense **(1)**		82 82	 164
4	Insurance **(1)** Bank **(1)**		750	 750
5	Bank **(1)** Suspense **(1)**		90	 90		**11**

Question	Answer	Marks
2(b)	$ Original cash at bank balance per draft financial statements *3 290* Error 2 18 **(1)** Error 4 (750) **(1)** Error 5 90 **(1)** Bank balance after correcting errors <u>2 648</u> **(1)OF**	4
2(c)	$ Original profit for the year per draft financial statements *9 268* Error 1 (140) **(1)** Error 2 18 **(1)** Error 3 (82 × 2) (164) **(1)** Error 4 (750) **(1)** Profit for the year after correcting errors <u>8 232</u> **(1)OF**	5