

- 2 Rai is a trader. He has prepared his trial balance at 31 January 2023. The credit side totalled \$152 more than the debit side. Rai placed the difference in a suspense account.

Rai later discovered the following errors.

- 1 Wages, \$200, had been entered in the cash book but omitted from the wages account.
- 2 A credit purchase, \$247, from Stella, had been debited to Stella's account and credited to the purchases account.
- 3 The rent payable account and the sales account had both been overcast by \$100.
- 4 A cheque for motor expenses, \$75, had been debited twice to the motor expenses account.
- 5 A payment to Jasper, \$196, had been recorded as \$169 in Jasper's account.

REQUIRED

- (a) Prepare the journal entries to correct errors 1–5. Narratives are **not** required.

Rai
Journal[illegible]

[10]

(b) Prepare the suspense account.

Rai
Suspense account

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

[4]

Rai's original draft profit, before correcting the errors, was \$9800.

REQUIRED

(c) Calculate Rai's profit **after** correction of errors 1–5.

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..... [4]

Rai's trial balance was used to check the arithmetical accuracy of the ledger accounts. His journal was used to correct the errors found.

REQUIRED

(d) State:

(i) **one** other use of the trial balance

.....

..... [1]

(ii) **one** other use of the journal.

.....

..... [1]

[Total: 20]

Question	Answer	Marks																								
2(a)	<div>Rai Journal</div> <table><tr><th>Error number</th><th>Details</th><th>Debit \$</th><th>Credit \$</th></tr><tr><td>1</td><td>Wages Suspense</td><td>200 (1)</td><td>200 (1)</td></tr><tr><td>2</td><td>Purchases Stella</td><td>494 (1)</td><td>494 (1)</td></tr><tr><td>3</td><td>Sales Rent</td><td>100 (1)</td><td>100 (1)</td></tr><tr><td>4</td><td>Suspense Motor expenses</td><td>75 (1)</td><td>75 (1)</td></tr><tr><td>5</td><td>Jasper Suspense</td><td>27 (1)</td><td>27 (1)</td></tr></table>	Error number	Details	Debit \$	Credit \$	1	Wages Suspense	200 (1)	200 (1)	2	Purchases Stella	494 (1)	494 (1)	3	Sales Rent	100 (1)	100 (1)	4	Suspense Motor expenses	75 (1)	75 (1)	5	Jasper Suspense	27 (1)	27 (1)	10
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Question	Answer	Marks																								
2(b)	<div>Rai Suspense account</div> <table><tr><td>Date 2023</td><td>Details</td><td>\$</td><td>Date 2023</td><td>Details</td><td>\$</td></tr><tr><td>Jan 31</td><td>Difference on trial balance (1)</td><td>152</td><td>Jan 31</td><td>Wages (1)</td><td>200</td></tr><tr><td></td><td>Motor expenses (1)</td><td>75</td><td></td><td>Jasper (1)</td><td>27</td></tr><tr><td></td><td></td><td>227</td><td></td><td></td><td>227</td></tr></table>	Date 2023	Details	\$	Date 2023	Details	\$	Jan 31	Difference on trial balance (1)	152	Jan 31	Wages (1)	200		Motor expenses (1)	75		Jasper (1)	27			227			227	4
Date 2023	Details	\$	Date 2023	Details	\$																					
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		227			227																					
2(c)	<table><tr><td></td><td>\$</td><td>\$</td></tr><tr><td>Draft profit</td><td>9 800</td><td></td></tr><tr><td>Error 1</td><td>(200) (1)</td><td></td></tr><tr><td>Error 2</td><td><u>(494) (1)</u></td><td><u>(694)</u></td></tr><tr><td></td><td></td><td>9 106</td></tr><tr><td>Error 4</td><td></td><td>75 (1)</td></tr><tr><td>Corrected profit</td><td><u>9 181</u> (1)OF</td><td></td></tr></table>		\$	\$	Draft profit	9 800		Error 1	(200) (1)		Error 2	<u>(494) (1)</u>	<u>(694)</u>			9 106	Error 4		75 (1)	Corrected profit	<u>9 181</u> (1)OF		4			
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2(d)(i)	Assist in the preparation of financial statements (1)	1																								

Question	Answer	Marks
2(d)(ii)	Opening entries (1) Purchase of non-current assets on credit (1) Sale of non-current assets on credit (1) Non-regular transactions (1) Year-end transfers to income statement (1) Recording depreciation (1) Writing off irrecoverable debts (1) Creation of/adjustment to provision for doubtful debts (1) Contra entries between sales and purchases ledgers (1) Drawings of goods/non-current assets (1) Max (1)	1