2 Jaya is a trader. Her financial year ends on 31 July.

The totals of her trial balance at 31 July 2025 did **not** agree.

REQUIRED

(a) (i) Name the account that Jaya would need to open to enable her trial balance totals to agree.

.... [1]

(ii) State the primary purpose of this account.

.... [1]

Jaya later discovered the following five errors:

1   **No** entry had been made for distribution costs of $320 paid by bank transfer.

2   Closing inventory had been recorded as $12 200 instead of $12 900.

3   Purchases returns of $95 had been correctly entered in the credit supplier's account but had been debited to the sales returns account.

4   A cheque for $225 received from ABC wholesalers, a credit customer, had been correctly entered in the cash book, but **no** other entry had been made.

5   Property maintenance costs of $1220 had been incorrectly charged to the land and buildings account.

REQUIRED

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

Jaya
Journal

Error number	Details	Debit $	Credit $

[9]

(c) Name **two** types of error that will **not** be revealed by the trial balance.

1 ....

2 ....

[2]

(d) Complete the table by entering the amount by which Jaya's profit for the year would be overstated or understated if **each** error is left **uncorrected**. If an error has no effect on profit, enter zero (0) in the 'no effect' box.

Error 1 has been completed as an example.

Profit for the year

Error	Overstated $	Understated $	No effect
1	*320*		
2			
3			
4			
5			

[7]

[Total: 20]

Question	Answer	Marks
1(d)	A cheque is returned unpaid by the bank / which the bank refuses to pay **(1)**	**1**
1(e)	<table><tr><td colspan="3" align="center">Zac Journal</td></tr><tr><td>Details</td><td>Debit $</td><td>Credit $</td></tr><tr><td>Ali</td><td>128 **(1)**</td><td></td></tr><tr><td> Bank</td><td></td><td>128**(1)**</td></tr></table>	**2**

Question	Answer	Marks
2(a)(i)	Suspense **(1)**	**1**
2(a)(ii)	Allows draft financial statements to be prepared / provides a holding account until errors are discovered **(1)**	**1**

Question	Answer	Marks
2(b)	Jaya Journal	9

Error no.	Details	Debit $	Credit $	
1	Distribution costs	320		(1)
	Bank		320	(1)
2	Inventory	0		
	Suspense		0	
3	Suspense	190		(1)
	Sales returns		95	(1)
	Purchases returns		95	(1)
4	Suspense	225		(1)
	ABC Wholesalers		225	(1)
5	Property maintenance	1 220		(1)
	Land & Buildings		1 220	(1)

Question	Answer	Marks
2(c)	Commission (1) Complete reversal (1) Omission (1) Original entry (1) Principle (1) Compensating (1) **Max 2**	2

Question	Answer	Marks
2(d)		7

	Profit for the year		
Error	Overstated $	Understated $	No effect
1	*320*		
2		700 **(2)**	
3		190 **(2)**	
4			0 **(1)**
5	1220 **(2)**		

(2 Marks) = **(1)** for correct position **(1)** for correct amount