

- 3 Yasmine has a retail business. She extracted a trial balance at 30 June 2023, the totals of which did not agree.

(a) State **two** types of error that **will** be revealed by a trial balance.

- 1
- 2 [2]

(b) Explain the meaning of **each** of the following types of error.

(i) Error of original entry

..... [1]

(ii) Error of principle

..... [1]

(iii) Error of commission

..... [1]

Additional information

The difference in the trial balance was posted to a suspense account to enable the financial statements to be produced.

Yasmine discovered the following errors, correction of which would clear the difference.

- 1 The sales journal total had been overstated by \$300.
- 2 The total of the purchases returns journal, \$2450, had not been posted to the general ledger.
- 3 Discounts allowed, \$1660, had been posted to the credit of the discounts received account.
- 4 The balance of the carriage inwards account at 30 June 2023, \$3570, had been brought down as \$3750.

- (c) Prepare the suspense account to show the correction of the errors, clearly identifying the difference that was present in the trial balance before the errors were corrected.

Suspense account

	\$		\$

[5]

Additional information

Before discovering the errors, Yasmine had prepared a draft statement of profit or loss showing a profit for the year of \$36 165. The suspense account balance was **not** included in the profit calculation.

- (d) Calculate the revised profit for the year **after** correction of the errors.

	Increase \$	Decrease \$	\$
Draft profit for the year			36 165
Error 1			
Error 2			
Error 3			
Error 4			
Revised profit for the year			

[5]