

- 3 David, a sole trader, has prepared a trial balance at 31 December 2017 which did not balance. He entered the difference in a suspense account.

**REQUIRED**

- (a) State **two other** uses of a suspense account.

- 1 .....
- 2 .....
- ..... [2]

- (b) State **four** types of error that will **not** be revealed by the trial balance.

- 1 .....
- 2 .....
- 3 .....
- 4 ..... [4]

**Additional information**

On checking the financial records, David discovered the following errors.

- 1 The credit balance on the bank current account of \$1650 had been entered in the trial balance as a debit balance.
- 2 The total of the purchases returns journal of \$960 had been debited to the returns inwards account.
- 3 A prepayment of \$450 for telephone charges at 1 January 2017 had not been brought down as an opening balance.
- 4 The balance on sales ledger control account at 31 December 2017 of \$13625 had been carried down as \$13652.

## REQUIRED

- (c) Prepare the suspense account at 31 December 2017 clearly showing the opening balance on the account.

Suspense account

	\$		\$

[6]

## REQUIRED

- (d) State **three** benefits to a business of preparing annual financial statements.

- 1 .....
- .....
- .....
- 2 .....
- .....
- .....
- 3 .....
- .....
- .....

[3]