

- 3 Contador, a sole trader, has provided the following extract from the trial balance for the year ended 31 March 2015. He does not maintain control accounts as part of his accounting records.

	\$
Debit balances	112 375
Credit balances	120 835

**REQUIRED**

- (a) (i) State the use of a suspense account.

.....

.....

..... [1]

- (ii) State **three** advantages to a business of maintaining a sales ledger control account.

1 .....

.....

2 .....

.....

3 .....

..... [3]

**Additional information**

The following errors have been identified:

- 1 The sales journal had been overcast by \$26 350.
- 2 Motor expenses of \$5270 had been posted to the motor vehicles account. Motor vehicles had been depreciated at 20% per annum.
- 3 Interest received of \$8945 had been debited to both the bank account and the interest received account.

**REQUIRED**

**(b)** Prepare journal entries to correct all of the errors identified. Narratives are **not** required.

[8]

**(c)** Assess the effect of these errors on the profit for the year.

.....

.....

.....

..... [3]