

- 2 Veda owns a retail business. Her accountant advised her to prepare a trial balance.

REQUIRED

- (a) State **two** benefits of preparing a trial balance.

- 1
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- 2
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[2]

Additional information

On 31 March 2023 Veda prepared a trial balance but the totals did not agree. The debit column totalled \$84 050 and the credit column totalled \$83 350. The difference was posted to a suspense account.

The following errors were identified and corrected after which the trial balance totals agreed.

- 1 A payment of \$740 to Opal Stores was recorded in the account of Opal Wholesale.
- 2 Sales returns of \$340 from Kali had been correctly recorded in the sales returns journal, but \$430 had been posted to the debit side of Kali's account.
- 3 The discount columns in the cash book had not been posted to the general ledger. Discounts allowed totalled \$530 and discounts received totalled \$370.
- 4 A cheque for \$560 received from W Limited had been dishonoured. The dishonoured cheque was entered correctly in the cash book but had been posted as \$650 to the customer's account.

REQUIRED

(b) Prepare journal entries to correct **each** of the errors. Dates and narratives are **not** required.

Journal

Account	Dr \$	Cr \$

[7]

(c) Prepare the suspense account at 31 March 2023. Dates are **not** required.

Suspense account

	\$		\$

[4]

(d) Define the term 'error of principle'.

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..... [2]