**Question 3**

F.W. Low's Trial Balance at 31 December Year 4 did not agree. He opened a Suspense account for the difference, prepared his trading and profit and loss account and drew up the following Statement of Financial Position:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| F.W. Low  **Statement Of financial Position**  As At 31 December Year 4 | | | | |
|  | RM | RM |  | RM |
| Non-current Assets |  |  | Equity |  |
| Motor Van |  | 470 | Opening capital | 6,093 |
| Furniture and Fittings |  | 1,430 | Net Profit | 2,970 |
|  | 1,900 |  | 9,063 |
| Current Assets |  |  | Less: Drawings | (2,500) |
| Inventory | 3,146 |  | Closing Capital | 6,563 |
| Account Receivable | 2,142 |  |  |  |
| Cash in hand | 1,000 |  | Current Liabilities |  |
| Cash at Bank | 862 | 7,150 | Account Payable | 2,475 |
|  |  | Suspense | 12 |
|  | 9,050 |  | 9,050 |

The following errors which accounted for the difference in the trial balance were subsequently discovered:

1. Bank charges RM7 had been entered in the Cash Book but the double entry had not been completed.
2. Loss on the sale of an old motor van RM12 had been correctly entered in the motor van account but had been charged to depreciation account as RM21.
3. A cheque of RM 86 for the purchase of a wall fan had been correctly entered in the Cash Book but entered in the furniture and fittings account as RM66.
4. Sales of good to F.J Bell RM46 was correctly entered in the sales book but was posted to Bell's account as RM64.
5. A credit note or RM17 received from Tate Trading, a creditor, had been correctly entered in Returns Outwards account but posted to Tate Trading's account as RM19 .
6. The debit balance of RM 122 Ali's account in the sales ledger, at 31 December Year 4 had been carried down as RM132 and included in the trial balance at this figure.

**You are required to:**

1. make the journal entries to correct the above errors.
2. show a Statement Of the Adjusted Net Profit for the year ended 31 December Year 4.
3. redraft a corrected Statement of Financial Position as at 31 December Year 4.