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Suspense

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Correction of Errors

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Theory

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### PAST EXAM QUESTIONS

1. What is the purpose of preparing a trial balance?
2. State and explain two types of errors not revealed by the trial balance. (6) 2022 - Jones  
Deferred
3. What is the purpose of preparing a trial balance
4. Outline different types of errors that may affect the balancing of the trial balance 2022 - Fletcher Ltd
5. Give an example of an error of commission. Will this type of error be revealed by a trial balance? Explain your answer. (8) 2020 - Beglin
6. Outline the purpose of a suspense account. (6) 2018 - D. Fahy
7. Explain:
  - (i) Compensating errors.
  - (ii) Errors of original entry. (6) 2016 - D. Sexton
8. Identify three types of errors that affect the balancing of a Trial Balance. (6) 2014 - E. Cagney
9. Identify three different types of errors that affect the balancing of a trial balance 2010- C. McCarthy
10. Explain with examples what is meant by (i) error of commission (ii) error of principle 2010 - C. McCarthy

### DEB EXAM PAPERS

1. What is the purpose of preparing a Trial Balance?
2. Identify three types of errors not revealed by the Trial Balance. (6) 2023 - F. Fisher
3. Identify three types of errors that may affect the balancing of a Trial Balance.
4. Outline the purpose of a Suspense Account. (6) 2022- D. Delaney
5. Explain, with examples, the difference between 'error of principle' and 'error of commission'. (6) 2020- E. Clancy
6. What is the purpose of preparing a Trial Balance?
7. Identify three types of errors that may affect the balancing of a Trial Balance. (6) 2019- B. Rigby
8. State and explain three types of errors not revealed by the Trial Balance. 2018 - D. Mead
9. Explain the purpose of preparing a trial balance and to identify three different types of errors that may affect the balancing of a trial Balance 2014 C. Long
10. Identify three different types of errors that affect the balancing of a trial balance 2012 T. O'Connell

**SUGGESTED SOLUTIONS - PAST EXAM PAPERS****2022 - J. Jones (Deferred)**

**What is the purpose of preparing a trial balance?**

1. A trial balance is prepared in order to test the accuracy of double entry bookkeeping before preparing final accounts.
2. A trial balance should have the same total of debits and credits because under double entry bookkeeping every debit entry should have a corresponding credit entry.

**State and explain two types of errors not revealed by the trial balance.**

Errors not revealed by the trial balance include the following:

1. Errors of original entry                      errors in the books of first entry
2. Errors of principal                              errors in the wrong class of account, entering an asset in the expense account.
3. Errors of complete omission                where both debit and credit are omitted.
4. Errors of commission                        posting to wrong account but correct side of correct type of account.
5. Compensating entries                        where entries of equal value cancel each other out.
6. Complete reversal of entries                where the debit entry is on the credit side and the credit is on the debit.

**2020 - Beglin**

**Give an example of an error of commission. Will this type of error be revealed by a trial balance? Explain your answer. (8)**

Error of Commission

This is where the correct amount is posted to the correct side of the incorrect Account. For example sales of €5,000 debited to M O' Flaherty's account instead of D O' Flaherty.

This will not be revealed by the trial balance as the correct amount has been entered on the debit side even though in wrong account. The debit side and credit side of the trial balance will agree so it will not be obvious that an error has been made

2018 - D. Fahy

**Outline the purpose of a suspense account. (6)**

Purpose of a suspense a/c

1. A suspense a/c is used when there is a mistake in the accounts that prevents the trial balance from balancing.
2. The difference between the debit and the credit side of the trial balance is entered in the suspense a/c, until the errors are discovered, in order to allow the trial balance to balance.
3. The relevant errors are corrected through the suspense account and the balance is then eliminated.

2016 - D. Sexton

**Explain:**

- (i) **Compensating errors.**
- (ii) **Errors of original entry. (6)**

#### **Compensating errors**

This is where an error on the debit side of one account is compensated by another error of an equal amount on the credit side of another account.

For example, a cash payment of €550 for repairs entered as €55 on the debit of the repairs account and on the credit side of the cash account.

#### **Errors of original entry**

These are errors made in the books of first entry which are then, subsequently, posted to the appropriate ledger accounts.

For example, credit purchases from T. Long €223 entered as €322 in the purchases book and posted accordingly to both the purchases account and to Long's account.

2014 - E. Cagney

**(e) Identify three types of errors that affect the balancing of a Trial Balance. (6)**

Errors in figures and addition Posting only one side of the double entry Entering one amount on the debit side of one ledger account and entering a different amount on the credit side of another ledger account.

2010 - C. McCarthy

**Identify three different types of errors that affect the balancing of a trial balance**

1. Entering one amount on the debit side of one ledger account and entering a different amount on the credit side of another ledger account
2. Mathematical errors - figures and additions
3. Posting only one side of the double entry

2008 - L. O'Shea

**Explain with examples what is meant by**

- (i) **error of commission**
- (ii) **error of principle**

**An error of commission**

This occurs when the correct amount is posted to the correct side of the incorrect account.

Examples - Goods sold on credit to Brian Daly debited in error to John Brady's Account

**An error of principle**

This arises when an item is posted to the incorrect class of account

Example - A boutique owner purchased a vehicle and treated it as a purchases of Stock

**SUGGESTED SOLUTIONS - DEB EXAM PAPERS**

**2023 - F. Fisher**

**What is the purpose of preparing a Trial Balance?**

1. In order to test the accuracy of double entry book-keeping (1) before preparing final accounts (1)
2. It should have the same total of debits and credits because under double entry book-keeping, every debit entry should have a corresponding credit entry (1)

**Identify three types of errors not revealed by the Trial Balance.**

Errors not revealed by the trial balance include the following:

- |                                 |   |
|---------------------------------|---|
| 1. Errors of original entry     | errors in the books of first entry  |
| 2. Errors of principal          | errors in the wrong class of account, entering an asset in the expense account. |
| 3. Errors of complete omission  | where both debit and credit are omitted.  |
| 4. Errors of commission         | posting to wrong account but correct side of correct type of account.           |
| 5. Compensating entries         | where entries of equal value cancel each other out.                             |
| 6. Complete reversal of entries | where the debit entry is on the credit side and the credit is on the debit.     |

**2022 - D. Delaney**

**Identify three types of errors that may affect the balancing of a Trial Balance.**

1. entering one amount on the debit side of one ledger account and entering a different amount on the credit side of another ledger account
2. mathematical errors - figures and additions
3. posting only one side of the double entry

**Outline the purpose of a Suspense Account.**

1. This is the difference between the debit and credit sides of the trial balance is entered in the suspense a/c (1), until the errors are discovered, in order to allow the trial balance to balance

2. the relevant errors are corrected through the suspense a/c and the balance is then eliminated (1)

**2020 - E. Clancy**

Explain, with examples, the difference between 'error of principle' and 'error of commission'.

**Error of Principle**Explanation

This is an error of principle arises when an item is posted to the correct side (1) of the incorrect class of account (1)

Example (1)

A grocer purchases a vehicle (and credits correctly the bank account), but debits the purchases account instead of the vehicles account

**Error of Commission**Explanation

This is an error of commission arises when the correct amount (1) is posted to the correct side of the incorrect account (1)

Example

Goods sold on credit to A. O'Shea are debited in error to B. O'Shea's account

**2019 - B. Rigby**

**What is the purpose of preparing a Trial Balance?**

1. in order to test the accuracy of double entry book-keeping before preparing final accounts (1)
2. it should have the same total of debits and credits (1) because under double entry book-keeping, every debit entry should have a corresponding credit entry (1)

**Identify three types of errors that may affect the balancing of a Trial Balance.**

1. entering one amount on the debit side of one ledger account and entering a different amount on the credit side of another ledger account
2. mathematical errors - figures and additions
3. posting only one side of the double entry

**2018 - D. Mead**

**State and explain three types of errors not revealed by the Trial Balance.**

**1. Errors of original entry (1)**

Errors made in books of first entry (1)

**2. Errors of principle (1)**

Incorrect class of account, e.g. entering an asset in an expense account (1)

**3. Errors of complete omission (1)**

Where both debit and credit are omitted (1)

**4. Errors of commission (1)**

Posting to wrong account but to the correct side of correct type of account (1)

**5. Compensating errors (1)**

Where errors of equal value cancel each other out (1)

**6. Reversal of entries (1)**

Where the debit entry is on the credit side and the credit entry is on the debit side (1)

**2014 - C. Long**

**Explain the purpose of preparing a trial balance**

1. To test the accuracy of double entry bookkeeping before preparing final accounts
2. It should have the same total of debits and credits because under double entry book-keeping every debit should have a corresponding credit



**Identify three different types of errors that may affect the balancing of a trial Balance**

1. Entering one amount on the debit side of one ledger account and entering a different amount on the credit side of another ledger account
2. Mathematical errors - figures and additions
3. Posting only one side of the double entry

**2012 - T. O'Connell**

**Identify three different types of errors that affect the balancing of a trial balance**

1. Entering one amount on the debit side of one ledger account and entering a different amount on the credit side of another ledger account
2. Mathematical errors - figures and additions
3. Posting only one side of the double entry