

**Q.6 Correction of Errors and Suspense Account****(a) General Journal**

<b>(i) [11 marks]</b>	<b>Dr</b>	<b>Cr</b>
	€	€
Creditors		6,060 [2]
Purchases		6,000 [2]
Suspense	12,060 [2]	
Equipment	6,600 [2]	
Creditors		6,600 [2]
<i>Being correction of equipment purchased on credit being entered on the incorrect side of the incorrect accounts. [1]</i>		

<b>(ii) [11 marks]</b>	€	€
Equipment		6,800 [2]
Accumulated depreciation equipment	1,600 [3]	
Creditors	5,500 [2]	
Discount		300 [3]
<i>Being omission of a creditor accepting equipment in payment of a debt. [1]</i>		

<b>(iii) [8 marks]</b>	€	€
Capital		1,500 [3]
Creditors	1,660 [2]	
Discount		160 [2]
<i>Being omission of a private debt owed to Beglin, offset against a business debt owed by Beglin [1]</i>		

<b>(iv) [12 marks]</b>	€	€
Creditors	1,000 [2]	
Insurance	750 [2]	
Suspense		3,500 [2]
Repairs	1,000 [2]	
Drawings	750 [3]	
<i>Being correction of repairs and drawings entered incorrectly in both the creditors and insurance accounts. [1]</i>		

<b>(v) [10 marks]</b>	€	€
Bank	920 [2]	
Creditors	990 [1]	990 [1]
Discount	70 [2]	
Capital		990 [3]
<i>Being omission of a dishonoured cheque issued by the firm and new capital introduced to cover the payment. [1]</i>		

**(b) Corrected Suspense Account**

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Suspense a/c			
Creditors/Purchases	12,060 [2]	Bal	8,560 [2]
		Bank/Cr/Ins	3,500 [2]

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**(c) Statement of Corrected Net Profit**

		€		€	
	Net profit			42,700	
<b>Add:</b>					
(i)	Purchases	6,000	[2]		
(ii)	Discount	300	[2]		
(iii)	Discount	<u>160</u>	[2]	<u>6,460</u>	
				49,160	
<b>Less:</b>					
(iv)	Insurance	750	[2]		
(iv)	Repairs	1,000	[2]		
(v)	Discount	<u>70</u>	[2]	<u>(1,820)</u>	
	Correct net profit			<u>47,340</u>	[2]

**(d) Balance Sheet of J. Beglin as at 31/12/2019**

<b>Fixed Assets</b>		€		€		€	
Premises		740,000				740,000	
Vehicles		125,000		40,000		85,000	[1]
Equipment	+ 6,600 - 6,800	38,500	[2]				
Accum.Dep.	- 1,600			<u>13,000</u>	[2]	<u>25,500</u>	
		<u>903,500</u>		<u>53,000</u>		850,500	
<b>Current Assets</b>							
Stock		84,900	[1]				
Debtors	+ 8,560	74,860	[1]				
Cash		<u>3,200</u>	[1]	162,960			
<b>Creditors falling due within 1 year</b>							
Bank	- 1,750 -920 + 1,750	25,680	[3]				
VAT		12,000	[1]				
Creditors	+ 12,660						
	- 5,500- 1,660- 1,000	<u>84,300</u>	[4]	<u>(121,980)</u>		<u>40,980</u>	
						<u>891,480</u>	
<b>Creditors: amounts falling due after 1 year</b>							
Capital	+ 1,500 + 990			852,490	[2]		
Net profit				47,340	[1]		
Drawings	+ 750			<u>(8,350)</u>	[1]		
						<u>891,480</u>	

**(e) 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.