# Question 3 Correction of Errors and Suspense Account

## (a) General Journal

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Cr					
Purchases       360 [2]         Creditors       6,420 [3]         Suspense       6060 [2]         Being Correction of incorrect treatment of Credit Purchases.       [1]         (ii) 6       €       €         Drawings       750[1]         Debtors       800 [2]         Discount Allowed       50 [2]         Being omission of private debt owed by Fletcher, offset against a business debt owed to Fletcher. [1]       €         [iii) 12       €       €         Debtors       1,250 [2]         Suspense       1,250 [2]         Bank       1,000 [2]         Debtors       250 [2]         Bad Debt Recovered       1,250 [3]         Being Correction of incorrect treatment of a Bad Debt Recovered. [1]       (iv) 7         Purchases Returns       240 [1]         Creditors/ A. Keogh       240 [1]         Sales Returns       240 [2]         Debtors / K. Mullen       240 [2]         Being Correction of Sales Returns treated as Purchases Returns. [1]       [1]         (v) 7       €       €         Sales       3,630 [1]         Debtors       3,630 [1]         Equipment       8,400 [1]         Provision for depreciation	(i) 8	Dr		Cr	
Creditors       6,420 [3]         Suspense       6060 [2]         Being Correction of incorrect treatment of Credit Purchases.       [1]         (ii) 6       €       €         Drawings       750[1]         Debtors       800 [2]         Discount Allowed       50 [2]         Being omission of private debt owed by Fletcher, offset against a business debt owed to Fletcher.       [1]         [iii) 12       €       €         Debtors       1,250 [2]         Suspense       1,250 [2]         Bank       1,000 [2]         Debtors       250 [2]         Bad Debt Recovered       1,250 [3]         Being Correction of incorrect treatment of a Bad Debt Recovered.       [1]         In Creditors/ A. Keogh       240 [1]         Creditors/ A. Keogh       240 [2]         Debtors / K. Mullen       240 [2]         Being Correction of Sales Returns treated as Purchases Returns.       [1]         (v) 7       €       €         Sales       3,630 [1]         Debtors       3,630 [1]         Fequipment       8,400 [1]         Provision for depreciation       5,040 [1]         Cash       3,300 [1]		€		€	
Suspense       6060 [2]         Being Correction of incorrect treatment of Credit Purchases.       [1]         (ii) 6       €       €         Drawings       750[1]       1         Debtors       800 [2]       1         Discount Allowed       50 [2]       2         Being omission of private debt owed by Fletcher, offset against a business debt owed to Fletcher. [1]       €       €         Cliii) 12       €       €       €         Debtors       1,250 [2]       2         Suspense       1,250 [2]       2         Bank       1,000 [2]       2         Debtors       250 [2]       2         Bad Debt Recovered       1,250 [3]       3         Being Correction of incorrect treatment of a Bad Debt Recovered. [1]       [1]         (iv) 7       €       €         Purchases Returns       240 [1]         Sales Returns       240 [2]         Being Correction of Sales Returns treated as Purchases Returns. [1]       [1]         (v) 7       €       €         Sales Sales       3,630 [1]         Debtors       3,630 [1]         Equipment       8,400 [1]         Provision for depreciation       5,040 [1]	Purchases	360	[2]		
Being Correction of incorrect treatment of Credit Purchases.       [1]         (ii) 6       €       €         Drawings       750[1]       Purchases         Debtors       800 [2]         Discount Allowed       50 [2]       Purchases Returns         Being omission of private debt owed by Fletcher, offset against a business debt owed to Fletcher.       [1]         Giii) 12       €       €         Debtors       1,250 [2]         Suspense       1,250 [2]         Bank       1,000 [2]       Debtors         Bad Debt Recovered       1,250 [3]         Being Correction of incorrect treatment of a Bad Debt Recovered.       [1]         (iv) 7       €       €         Purchases Returns       240 [1]       Purchases Returns       240 [2]         Sales Returns       240 [2]       Debtors / K. Mullen       240 [2]         Being Correction of Sales Returns treated as Purchases Returns.       [1]       (v) 7       €       €         Sales       3,630 [1]       Equipment       8,400 [1]       Provision for depreciation       5,040 [1]       Provision for depreciation       5,040 [1]       Provision for depreciation       5,040 [1]       Provision for Disposal       60 [1]	Creditors			6,420	[3]
(ii) 6         €         €           Drawings         750[1]           Debtors         800 [2]           Discount Allowed         50 [2]           Being omission of private debt owed by Fletcher, offset against a business debt owed to Fletcher. [1]         Fletcher. [1]           (iii) 12         €         €           Debtors         1,250 [2]           Suspense         1,250 [2]           Bank         1,000 [2]           Debtors         250 [2]           Bad Debt Recovered         1,250 [3]           Being Correction of incorrect treatment of a Bad Debt Recovered. [1]         [1]           (iv) 7         €         €           Purchases Returns         240 [1]         240 [1]           Sales Returns         240 [2]         240 [2]           Debtors / K. Mullen         240 [2]         240 [2]           Being Correction of Sales Returns treated as Purchases Returns. [1]         [1]         (v) 7         €         €           Sales         3,630 [1]         240 [1]         240 [1]         240 [1]           Provision for depreciation         5,040 [1]         240 [1]         240 [1]         240 [1]         240 [1]         240 [1]         240 [1]         240 [1]         240 [1]	Suspense	6060	[2]		
Drawings         750[1]           Debtors         800 [2]           Discount Allowed         50 [2]           Being omission of private debt owed by Fletcher, offset against a business debt owed to Fletcher. [1]         €           (iii) 12         €         €           Debtors         1,250 [2]           Suspense         1,250 [2]           Bank         1,000 [2]           Debtors         250 [2]           Bad Debt Recovered         1,250 [3]           Being Correction of incorrect treatment of a Bad Debt Recovered. [1]         [1]           (iv) 7         €         €           Purchases Returns         240 [1]         240 [1]           Sales Returns         240 [2]         240 [2]           Debtors / K. Mullen         240 [2]         240 [2]           Being Correction of Sales Returns treated as Purchases Returns. [1]         [1]           (v) 7         €         €           Sales         3,630 [1]           Debtors         3,630 [1]           Equipment         8,400 [1]           Provision for depreciation         5,040 [1]           Cash         3,300 [1]	Being Correction of incorrect treatment of Credi	t Purchases.	[1]		
Debtors       800 [2]         Discount Allowed       50 [2]         Being omission of private debt owed by Fletcher, offset against a business debt owed to Fletcher. [1]       €         Gebtors       1,250 [2]         Suspense       1,250 [2]         Bank       1,000 [2]         Debtors       250 [2]         Bad Debt Recovered       1,250 [3]         Being Correction of incorrect treatment of a Bad Debt Recovered. [1]       [1]         (iv) 7       €       €         Purchases Returns       240 [1]         Creditors/ A. Keogh       240 [2]         Sales Returns       240 [2]         Debtors / K. Mullen       240 [2]         Being Correction of Sales Returns treated as Purchases Returns. [1]       (v) 7         Sales       3,630 [1]         Debtors       3,630 [1]         Equipment       8,400 [1]         Provision for depreciation       5,040 [1]         Cash       3,300 [1]         Loss on Disposal       60 [1]	(ii) 6	€		€	
Discount Allowed   50 [2]	Drawings	750[1	L]		
Being omission of private debt owed by Fletcher, offset against a business debt owed to Fletcher. [1]         (iii) 12       €       €         Debtors       1,250 [2]         Suspense       1,000 [2]         Bank       1,000 [2]         Debtors       250 [2]         Bad Debt Recovered       1,250 [3]         Being Correction of incorrect treatment of a Bad Debt Recovered. [1]       [1]         (iv) 7       €       €         Purchases Returns       240 [1]         Creditors/ A. Keogh       240 [1]         Sales Returns       240 [2]         Debtors / K. Mullen       240 [2]         Being Correction of Sales Returns treated as Purchases Returns. [1]       (v) 7         Sales       3,630 [1]         Debtors       3,630 [1]         Equipment       8,400 [1]         Provision for depreciation       5,040 [1]         Cash       3,300 [1]         Loss on Disposal       60 [1]	Debtors			800	[2]
Fletcher. [1]  (iii) 12	Discount Allowed	50	[2]		
Debtors       1,250 [2]         Suspense       1,250 [2]         Bank       1,000 [2]         Debtors       250 [2]         Bad Debt Recovered       1,250 [3]         Being Correction of incorrect treatment of a Bad Debt Recovered.       [1]         (iv) 7       €       €         Purchases Returns       240 [1]         Creditors/ A. Keogh       240 [2]         Sales Returns       240 [2]         Debtors / K. Mullen       240 [2]         Being Correction of Sales Returns treated as Purchases Returns.       [1]         (v) 7       €       €         Sales       3,630 [1]         Debtors       3,630 [1]         Equipment       8,400 [1]         Provision for depreciation       5,040 [1]         Cash       3,300 [1]         Loss on Disposal       60 [1]		r, offset against o	a busi	ness debt owed t	to
Suspense       1,250 [2]         Bank       1,000 [2]         Debtors       250 [2]         Bad Debt Recovered       1,250 [3]         Being Correction of incorrect treatment of a Bad Debt Recovered.       [1]         (iv) 7       €       €         Purchases Returns       240 [1]         Creditors/ A. Keogh       240 [2]         Sales Returns       240 [2]         Debtors / K. Mullen       240 [2]         Being Correction of Sales Returns treated as Purchases Returns.       [1]         (v) 7       €         Sales       3,630 [1]         Debtors       3,630 [1]         Equipment       8,400 [1]         Provision for depreciation       5,040 [1]         Cash       3,300 [1]         Loss on Disposal       60 [1]	(iii) 12	€		€	
Bank       1,000 [2]         Debtors       250 [2]         Bad Debt Recovered       1,250 [3]         Being Correction of incorrect treatment of a Bad Debt Recovered. [1]       [1]         (iv) 7       €       €         Purchases Returns       240 [1]       240 [1]         Creditors/ A. Keogh       240 [2]       240 [2]         Sales Returns       240 [2]       240 [2]         Debtors / K. Mullen       240 [2]       240 [2]         Being Correction of Sales Returns treated as Purchases Returns. [1]       [1]       (v) 7       €       €         Sales       3,630 [1]       3,630 [1]       Equipment       8,400 [1]         Provision for depreciation       5,040 [1]       Cash       3,300 [1]       Loss on Disposal       60 [1]	Debtors	1,250	[2]		
Debtors       250 [2]         Bad Debt Recovered       1,250 [3]         Being Correction of incorrect treatment of a Bad Debt Recovered. [1]         (iv) 7       €       €         Purchases Returns       240 [1]       240 [1]         Creditors/ A. Keogh       240 [2]       240 [2]         Sales Returns       240 [2]       240 [2]         Debtors / K. Mullen       240 [2]       240 [2]         Being Correction of Sales Returns treated as Purchases Returns. [1]       €       €         Sales       3,630 [1]       5         Debtors       3,630 [1]       3,630 [1]         Equipment       8,400 [1]       5,040 [1]         Cash       3,300 [1]       3,300 [1]         Loss on Disposal       60 [1]       60 [1]	Suspense			1,250	[2]
Bad Debt Recovered       1,250 [3]         Being Correction of incorrect treatment of a Bad Debt Recovered.       [1]         (iv) 7       €       €         Purchases Returns       240 [1]       240 [1]         Creditors/ A. Keogh       240 [2]       240 [2]         Debtors / K. Mullen       240 [2]       240 [2]         Being Correction of Sales Returns treated as Purchases Returns.       [1]       (v) 7       €       €         Sales       3,630 [1]       Equipment       8,400 [1]       Provision for depreciation       5,040 [1]       Cash       3,300 [1]       Cost on Disposal       60 [1]       Cost on Disposal       60 [1]       Cost on Disposal       60 [1]       Cost on Disposal       Cost on	Bank	1,000	[2]		
Being Correction of incorrect treatment of a Bad Debt Recovered.       [1]         (iv)       7       €       €         Purchases Returns       240 [1]       240 [1]         Creditors/ A. Keogh       240 [2]         Sales Returns       240 [2]         Debtors / K. Mullen       240 [2]         Being Correction of Sales Returns treated as Purchases Returns.       [1]         (v)       7       €         Sales       3,630 [1]         Debtors       3,630 [1]         Equipment       8,400 [1]         Provision for depreciation       5,040 [1]         Cash       3,300 [1]         Loss on Disposal       60 [1]	Debtors	250	[2]		
(iv)         7         €         €           Purchases Returns         240 [1]         240 [1]           Creditors/ A. Keogh         240 [2]         240 [2]           Sales Returns         240 [2]         240 [2]           Being Correction of Sales Returns treated as Purchases Returns.         [1]         €           Sales         3,630 [1]         E           Debtors         3,630 [1]         Equipment         8,400 [1]           Provision for depreciation         5,040 [1]         Cash         3,300 [1]           Loss on Disposal         60 [1]         Cash         1	Bad Debt Recovered			1,250	[3]
Purchases Returns       240 [1]         Creditors/ A. Keogh       240 [1]         Sales Returns       240 [2]         Debtors / K. Mullen       240 [2]         Being Correction of Sales Returns treated as Purchases Returns.       [1]         (v) 7       €         Sales       3,630 [1]         Debtors       3,630 [1]         Equipment       8,400 [1]         Provision for depreciation       5,040 [1]         Cash       3,300 [1]         Loss on Disposal       60 [1]	Being Correction of incorrect treatment of a Bac	Debt Recovered.	[1	j	
Creditors/ A. Keogh       240 [1]         Sales Returns       240 [2]         Debtors / K. Mullen       240 [2]         Being Correction of Sales Returns treated as Purchases Returns.       [1]         (v) 7       €         Sales       3,630 [1]         Debtors       3,630 [1]         Equipment       8,400 [1]         Provision for depreciation       5,040 [1]         Cash       3,300 [1]         Loss on Disposal       60 [1]	(iv) 7	€		€	
Sales Returns       240 [2]         Debtors / K. Mullen       240 [2]         Being Correction of Sales Returns treated as Purchases Returns.       [1]         (v) 7       €         Sales       3,630 [1]         Debtors       3,630 [1]         Equipment       8,400 [1]         Provision for depreciation       5,040 [1]         Cash       3,300 [1]         Loss on Disposal       60 [1]	Purchases Returns	240	[1]		
Debtors / K. Mullen       240 [2]         Being Correction of Sales Returns treated as Purchases Returns.       [1]         (v) 7       €       €         Sales       3,630 [1]         Debtors       3,630 [1]         Equipment       8,400 [1]         Provision for depreciation       5,040 [1]         Cash       3,300 [1]         Loss on Disposal       60 [1]	Creditors/ A. Keogh			240	[1]
Being Correction of Sales Returns treated as Purchases Returns.       [1]         (v) 7       €       €         Sales       3,630 [1]         Debtors       3,630 [1]         Equipment       8,400 [1]         Provision for depreciation       5,040 [1]         Cash       3,300 [1]         Loss on Disposal       60 [1]	Sales Returns	240	[2]		
(v) 7         €         €           Sales         3,630 [1]           Debtors         3,630 [1]           Equipment         8,400 [1]           Provision for depreciation         5,040 [1]           Cash         3,300 [1]           Loss on Disposal         60 [1]	Debtors / K. Mullen			240	[2]
Sales       3,630 [1]         Debtors       3,630 [1]         Equipment       8,400 [1]         Provision for depreciation       5,040 [1]         Cash       3,300 [1]         Loss on Disposal       60 [1]	Being Correction of Sales Returns treated as Pu	rchases Returns.	[1	.]	
Debtors       3,630 [1]         Equipment       8,400 [1]         Provision for depreciation       5,040 [1]         Cash       3,300 [1]         Loss on Disposal       60 [1]	(v) 7	€		€	
Equipment       8,400 [1]         Provision for depreciation       5,040 [1]         Cash       3,300 [1]         Loss on Disposal       60 [1]	Sales			3,630	[1]
Provision for depreciation       5,040 [1]         Cash       3,300 [1]         Loss on Disposal       60 [1]	Debtors	3,630	[1]		
Cash       3,300 [1]         Loss on Disposal       60 [1]	Equipment			8,400	[1]
Loss on Disposal 60 [1]	Provision for depreciation	5,040	[1]		
	Cash	3,300	[1]		
Being Correction of incorrect treatment of disposal of equipment [1]	Loss on Disposal	60	[1]		
	Being Correction of incorrect treatment of dispo	sal of equipment		[1]	

## (b) Statement of Corrected Net Profit

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			€		€	
		Original Net Profit			27,900	
Add:						
	/:::\	De d Delet Deservered	1 250	[4]		
	(iii)	Bad Debt Recovered	1,250	[1]		
	(v)	Sales	3,630	[1]	4,880	
Less:						
	(i)	Purchases	360	[2]		
	(iv)	Purchases Returns	240	[1]		
	(ii)	Discount	50	[2]		
	(iv)	Sales Returns	240	[1]		
	(v)	Loss on Sale	60	[2]	(950)	
		Corrected Net Profit			31,830	[2]

### (c) (i) What is the purpose of preparing a trial balance?



- A Trial Balance is prepared in order to test/check the accuracy of double entry bookkeeping before preparing the Income Statement, (Final Accounts) and the Statement of Financial position. (Balance Sheet).
- 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.

#### (ii) Outline different types of errors that may affect the balancing of the trial balance

- 1. Entering one figure on one side of a ledger account, but entering a different figure on the other side of another ledger account
- 2. Entering one figure on one side of a ledger account, but entering any figure on the same side of another ledger account
- 3. Entering one figure on one side of a ledger account but entering nothing on the other side of another ledger account
- 4. Mathematical Errors/errors of calculation, addition, subtraction in totalling or closing off.