**CHAPTER 11 – STRUCTURED QUESTIONS**

1.

Match the numbered types of errors in List A with descriptions of each type of error in List B

|  |  |
| --- | --- |
| **LIST A** | **LIST B** |
| 1. Errors of Omission | a)Errors made on the correct sides of the accounts entered in the wrong personal accounts |
|  |  |
| 2.Compensating errors | b)Entries made in the correct account but each item is recorded on the incorrect side of the account |
|  |  |
| 3.Errors of Commission | c)Correct amounts recorded in the wrong class of ledger account |
|  |  |
| 4.Errors of complete reversal | d)Errors that cancel each other |
|  |  |
| 5.Error of principle | e)The incorrect amount was recorded on the correct sides of each account |
|  |  |
| 6.Error of original entry | f)No error was made in the ledger |
|  |  |

2.

Zylon Trading Enterprises discovered the following errors at the end of March 20—

a) Cash withdrawn from the bank $5 000 was debited to the bank account and credited to the cash account

b) No entry was made for cheques received from A. Customer for $10 000

c) Purchase of a building worth $200 000 was entered in the Building repairs account

d) An invoice received from I. Sight for $5 000 was entered in the Purchases Journal as $500

e) Discount allowed and Discount received accounts were both under posted with $300 less

f) Goods sold to I Genuine on credit for $5 000 was entered in I.Fruitful account

You are required to give name of the types of errors that were violated for the above transactions.

3.

Kimberly prepared her trial balance for the year ended December 31, 20--. The trial balance did not balance for that year. The debit side total of the trial balance is $90 885 while the credit side total is $97 330.

You are required to compute the difference of the above totals of Kimberly’s trial balance open a suspense account and record the difference in a Suspense account.

Denicia prepared an income statement showing a profit of $25 000 and then discovered the following errors

a) Sales of $3 000 was omitted from the sales account

b) Cash purchases of $2 500 was entered in the purchases account as $2 300

c) Discount received total in the cash book of $500 has only been entered in the discount received account

Using the information above, you are required to:

4.

Show the journal entries necessary to correct the errors

5.

Prepare Denicia’s statement of revised net profit from the journal entries in (4) above

**CHAPTER 11 – ANSWERS**

1.

|  |  |
| --- | --- |
| **LIST A** | **LIST B** |
| 1. | F |
|  |  |
| 2. | D |
|  |  |
| 3. | A |
|  |  |
| 4. | B |
|  |  |
| 5. | C |
|  |  |
| 6. | E |
|  |  |

2.

a) Error of complete reversal

b) Error of omission

c) Error of principle

d) Error of original entry

e) Compensating errors

f) Error of commission

3.

Suspense a/c

|  |  |
| --- | --- |
| Balance as per trial balance $6 445 |  |
|  |  |

4.

GENERAL JOURNAL

|  |  |  |  |
| --- | --- | --- | --- |
|  | **DETAILS** | **DR** | **CR** |
|  | Suspense | 3 000 |  |
|  | sales |  | 3 000 |
|  |  |  |  |
|  | purchases | 200 |  |
|  | suspense |  | 200 |
|  |  |  |  |
|  | creditors | 500 |  |
|  | suspense |  | 500 |
|  |  |  |  |

5.

Denicia’s

Revised net profit statement

|  |  |  |
| --- | --- | --- |
| Draft net profit |  | $25 000 |
| Sales under cast |  | 3 000 |
|  |  | 28 000 |
| Purchases understated |  | ( 200) |
| REVISED NET PROFIT |  | $27 800 |

**CHAPTER 12 – STRUCTURED QUESTIONS**

1.

Classify the items below under the headings given in the table below

|  |  |  |
| --- | --- | --- |
| **ITEMS** | **NAME OF JOURNAL THE ENTRY WAS TRANSFERRED FROM** | **NAME OF CONTROL ACCOUNT TO BE PREPARED** |
| Bad debts |  |  |
|  |  |  |
| Receipts from debtors |  |  |
|  |  |  |
| Payments to creditors |  |  |
|  |  |  |
| Dishonoured cheques received |  |  |
|  |  |  |
| Returns inwards |  |  |
|  |  |  |
| Discounts allowed |  |  |
|  |  |  |
| Discounts received |  |  |
|  |  |  |
| Total credit sales |  |  |
|  |  |  |
| Total credit purchases |  |  |
|  |  |  |
| Returns outwards |  |  |
|  |  |  |

The balances below are for T.Vee Company.

|  |  |
| --- | --- |
| Total credit sales $40 000 | Discount allowed $3 000 |
|  |  |
| Bad debts 2 000 | Payments received from debtors 30 000 |
|  |  |
| Total credit purchases 50 000 | Dishonoured cheques 3 000 |
|  |  |
| Total cash sales 36 000 | Discount received 2 000 |
|  |  |
| Total returns inward 2 000 | Cash purchases 40 000 |
|  |  |
| Payments made to creditors 30 000 | Returns outwards 3 000 |
|  |  |

You are required to the above the information and do the following:

2.

Prepare the Debtors ledger control account for T.Vee Company

3.

Prepare the Creditors ledger control account for T.Vee Company

4.

What is the amount owed to the supplier?

5.

State the effect (if any) the cash purchases of $40 000 would have on the Purchases ledger control account.

**CHAPTER 12 – ANSWERS**

1.

|  |  |  |
| --- | --- | --- |
| **ITEMS** | **NAME OF JOURNAL THE ENTRY WAS TRANSFERRED FROM** | **NAME OF CONTROL ACCOUNT TO BE PREPARED** |
| Bad debts | General | Debtors |
|  |  |  |
| Receipts from debtors | Cash | Debtors |
|  |  |  |
| Payments to creditors | Cash | Creditors |
|  |  |  |
| Dishonoured cheques received | Cash | Debtors |
|  |  |  |
| Returns inwards | Returns inwards | Debtors |
|  |  |  |
| Discounts allowed | Cash | Debtors |
|  |  |  |
| Discounts received | Cash | Creditors |
|  |  |  |
| Total credit sales | Sales | Debtors |
|  |  |  |
| Total credit purchases | Purchases | Creditors |
|  |  |  |
| Returns outwards | Returns outwards | Creditors |
|  |  |  |
|  |  |  |

2.

Debtors ledger control a/c

|  |  |
| --- | --- |
| Sales $40 000 | Discount allowed $3 000 |
|  |  |
| Dishonoured cheques 3 000 | Bad debts 2 000 |
|  |  |
|  | Payments 30 000 |
|  |  |
|  | Returns inwards 2 000 |
|  |  |
|  | Balance c/d 6 000 |
|  |  |
| 43 000 | 43 000 |
|  |  |

3.

Creditors ledger control a/c

|  |  |
| --- | --- |
| Discount received $2 000 | Purchases $50 000 |
|  |  |
| Returns outwards 3 000 |  |
|  |  |
| Payments 30 000 |  |
|  |  |
| Balance c/d 15 000 |  |
|  |  |
| 50 000 | 50 000 |
|  |  |

4.

$15 000

5.

None