

AAT LEVEL 2

Bookkeeping Controls

**Suspense Account & Re-drafting the Trial
Balance**

(section 3.2 & 3.3)

LESSON OUTCOMES (SECTION 3.2)

By the end of the sessions learners will be able to :

- i. Identify errors which cause an imbalance of the trial balance.
- ii. Record journal entries to correct errors which cause trial balance imbalance.
- iii. Clear the balance in the suspense account.
- iv. Redraft a corrected trial balance.

STARTER ACTIVITY

In accounting, numbers are meant to balance—but sometimes they don't. Should they? Absolutely.

What do you think about this?

INTRODUCTION

Understanding why discrepancies occur and how to correct them is key to maintaining accurate financial records.

THE TRIAL BALANCE

The trial balance is an **arithmetic** checking method used to verify the **accuracy** of the general ledger.

The **total debits** must equal the **total credits** as shown on the next slide

THE TRIAL BALANCE

Trial Balance as at 31/12/2024	Dr	Cr
	£	£
Bank	6000	
Capital		11000
Motor Vehicles	14000	
Office Expenses	5000	
Purchases	30000	
Payables		4000
Receivables	10000	
Sales		50000
	65000	65000

THE TRIAL BALANCE DOES NOT AGREE

- This situation is quite normal

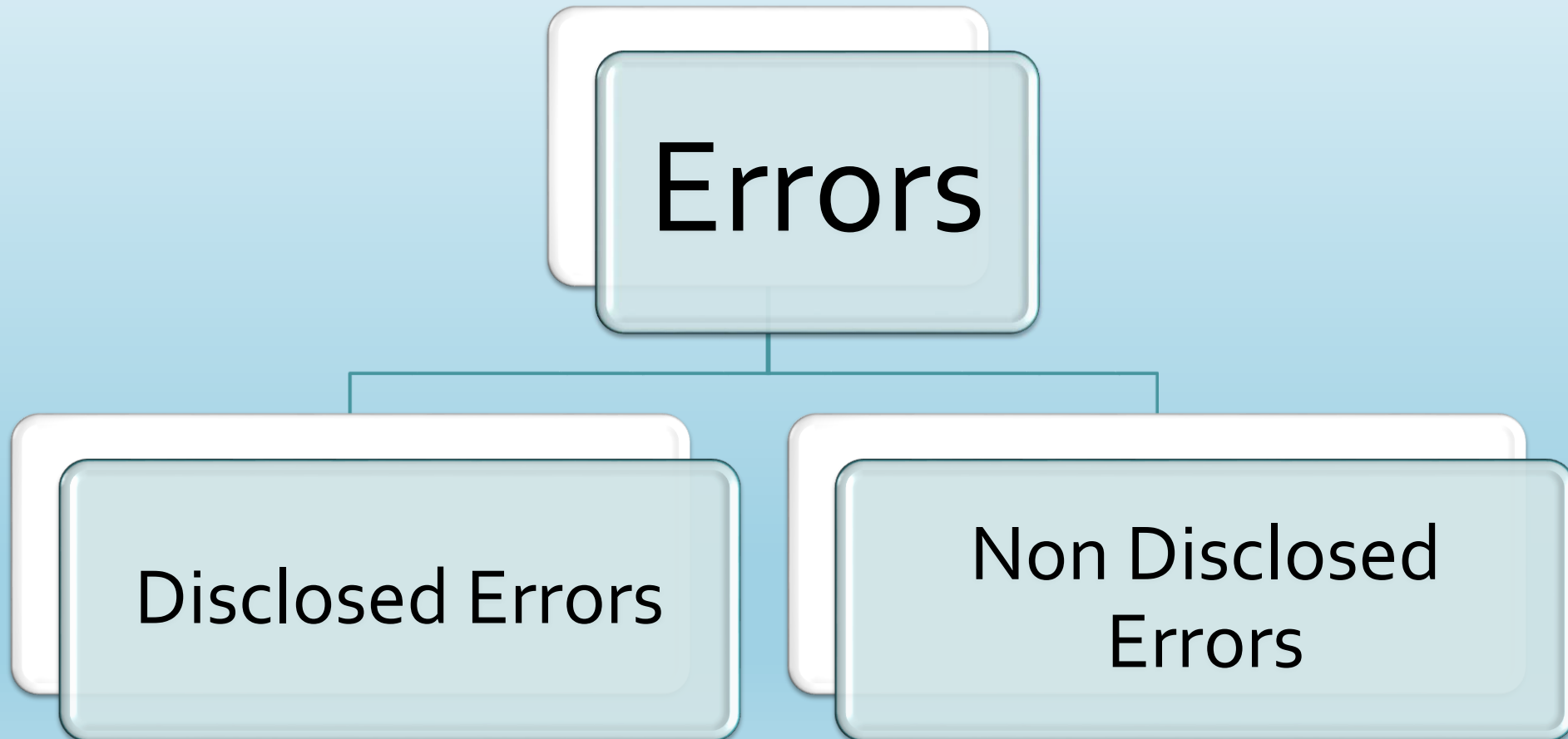
****There are 6 common errors that show up on the TB****

and

****6 common errors that don't show.**

- We refer to these **disclosed** and **non-disclosed**

ERRORS



DISCLOSED ERRORS

Single entry transactions

Under or overcast figures

transposition of figures on one side of the TB

Doubled up debits and credits

Transfer errors from the T a/c's

Omission of a General Ledger T a/c

DISCLOSED ERRORS

- ❑ If a **disclosed** error is identified, the trial balance will not agree or balance.
- ❑ A suspense account should be opened, and the shortfall should be recorded on the trial balance on the side with the shortfall.
- ❑ An investigation will then be carried out to identify the errors.
- ❑ **All identified disclosed errors are subsequently corrected through the suspense account.**

CLASS ACTIVITY

Turn to Work Sheet 1

For Information

Contact Us On

Website : <https://accountancypath.co.uk/>

Email : yltoo1@zohomail.eu

WhatsApp / Call / SMS: +44 7770 113 158