
Financial Accounting I

Addendum to Subject Manual
(Detailing critical errors and corrections)

December 2009



Chapter 2 Double entry book-keeping

Pg 38 Paragraph beginning 'This capital, together with....' last sentence should state that assets include 'amounts owed **to** the business' not '**by** the business'.

Pg 61 Purchases returns day book should include column heading '**Purchases returns**' not '**sales returns**'.

Pg 84 Q4 Numbers in 'Total' column are VAT exclusive however as they are totals from supplier invoices they should be VAT inclusive. There should also be to two decimal places. Please change "Total" to "Net of VAT" and insert a Gross column.

Pg 84 Q4(b) 1st line total for credit note no. 5 should be '€61' per the solution not '€51'.

Pg 85 Q4(c) All numbers should be in same format, that is to two decimal places, and VAT rate should be '20%' in line 4 per the solution not '21%'.

Pg 86 Q5 Entry dated '15 June' should say 'Michael paid in full' not 'Tom'.

Chapter 3 The trial balance and correction of errors

Pg 100 Table at bottom of page. 4th line, 3rd column balance on account should be 'credit' not 'debit'

Pg 106 sales account should include '5 Jan Bank €1,500' on credit side not on debit side. The totals do not need to be corrected.

Pg 111 Halfway down page debit entry for 'motor repairs' should incl '(P&L)' afterwards not '(B/S)'

Pg 117 1st paragraph under heading 'Correcting these errors' last line replace words '**expense account**' with '**suspense account**'.

Pg 125 Q5 (2) Error should be corrected to state that discount had been '**debited**' not '**credited**' to discounts received.

Pg 126 Q3 “**Creditors €13,864**” needs to be added to the question otherwise the solution will not balance. “Expenses €34,853 should be changed to €34,835.

Chapter 4 Stock

Pg 150 Solution 3rd line beginning ‘18 Feb’ should include ‘€3,520’ in ‘Total value’ column and ‘€2.93’ in ‘Avg cost per unit’ column. Line below beginning ‘Using the average cost.....’ Replace ‘€1,635’ with ‘€1,465’ and ‘€3.27’ with ‘€2.93’.

Pg 150 Table at bottom of page line beginning ‘AVCO periodic’ delete ‘1,921’ under column headed ‘Cost of sales value’ and replace with ‘1,021’.

Pg 153 3rd line beginning ‘by total units....’ delete ‘plus purchase costs’ and replace with ‘plus units purchased’.

Pg 153 Working 5, Line beginning ‘On 21st September’ replace ‘150 units were sold for €2,400’ to ‘150 units were sold for €9,000’.

Chapter 5 Accruals and prepayments

Pg 172 Working 2 Delete word ‘previous’ in second line and replace with ‘following’.

Pg 176 Question 2 and solution need to be corrected. The question states that the rent review occurred after yr end therefore should have no implication for rent expense. If the rent review should have occurred in July 2006, not 2007 per the question, then the review occurred 5 months into the year not 6 months per the solution.

Pg 179 Q1 3rd column date should be changed from ‘31st January 2008’ to ‘31st December 2008’.

Pg 181 Q3 4th line beginning ‘the payment due on.....’ should include the word ‘**not**’ between ‘was’ and ‘paid’.

Chapter 6 Bad debts and provision for bad debts

Pg 190 Total on debit side of debtors account incorrect, should be €90,000, not €12,000.

Pg 195 Step 4 delete words in brackets 'step 2' and replace with 'step 3'.

Pg 196 Example 3 Question detail states that €1,000 is owed by Kelly however solution assumes €700 is owed by Kelly. Correct detail in question to match solution.

Chapter 7 Fixed assets and depreciation

Pg 224 Example 3 Year of purchase of new delivery van should be 2004 per the solution and not 2006 per the question.

Chapter 8 Preparation of financial statements

Pg 268 example 3. There are a number of errors in the example.

1. The debit side of the trial balance totals €1,127,450 not €1,127,350 as listed. On further examination, this is due to debtors being listed as €37,500 and they should in fact be €37,400. So trial balance total should not be adjusted and debtors balance should be corrected.
2. Additional information note 2. Goods sold on sale or return basis are not dealt with in the manual, should be discussed in the manual, perhaps chapter 2, to allow students answer this question.
3. Additional information note 5. Bad debt recovered should be €300 not €350.
4. Solution step 6 Debtors per trial balance figure should be changed to €37,400. This is the only change required to figures in this part of solution.
5. Balance sheet pg 275 In current liabilities replace word 'VAT' with 'PRSI' and replace 'PRSI' with 'VAT'.

Pg 277 Q 3 2nd bullet point change fixed asset cost from '€470,000' to '€470,800' per the solution.

Chapter 9 Control accounts

Pg 299 Example 4 'Payments received from debtors' should have a value of €180,400 (per the solution) not €180,000.

Pg 301 'Credit/purchases ledger control a/c' On credit side, after 'Credit purchases' letters in brackets should be '(PDB)' not '(SRDB)'.

Pg 302 Example 5 'Creditors balance on 31 December' should be €10,222 (per the solution) not €10,302.

Pg 320 Q3(3) Check requirement against solution to confirm if contra entry had only been entered into the 'creditors' ledger as per the question.

Chapter 11 Incomplete records

Pg 377 Solution (a) Stock value is incorrect and should be changed to '€41,550'. Total is correct as it assumes a stock value of €41,550.

Pg 380 Q1(4) '31st January' should be deleted and replaced with '31st December'.

Pg 385 Q1 Note 4 is incomplete.

Pg 387 Note 1 Delete 'lodgments €489,000' this should not be here as it is listed in the correct place further down the notes.

Chapter 12 Accounting for not for profit organizations

Pg 402 Subscriptions account Opening credit balance should be €8,500 per the question not €8,000.