



SUPPLEMENT TO CPAP STUDY GUIDE TO VCE ACCOUNTING 5TH EDITION – CORRECTING ENTRIES

Please accept our apologies.

The Study Guide inadvertently omitted reference to the following dot point in the study design (Unit 3 AOS 1):

- correction of errors*

The author has prepared the supplement below which should be added/pasted to page 33 of the publication over the top of the advertisement.

We apologise for the inconvenience this will cause.

Cut section below and paste over the top of the ad for CPAP lecture programs appearing on page 33

GENERAL JOURNAL AND GENERAL LEDGER - CORRECTION OF ERRORS

Believe it or not, accountants are not perfect! Sometimes, an accountant may prepare an incorrect General Journal entry or post a General Journal entry to the wrong account in the General Ledger.

One of these errors may be identified on balance day and require a correcting entry to ensure that the accounting reports are more accurate. This will require students to transfer an amount **out** of the incorrect account and post it **into** the correct account.

To illustrate, in the November 2017 VCAA examination, students were told that a payment for Wages of \$280 was incorrectly recorded as a payment for Drawings.

The correcting entry would appear as follows:

General Journal

Date	Details	Debit	Credit
30/06	Wages	280	
	Drawings		280

The effect of this correcting entry is that the \$280 is taken **out** of the Drawings account and posts it **into** the Wages account in the General Ledger.

Exam Tip: Due to a business not being able to deduct any GST paid on transactions of a personal nature from their GST liability, correcting entries appear rarely on exams. In the eight exams conducted under the previous VCAA Study Design, a correcting entry was assessed three times.
