Hidden Errors of a Trial Balance: Explained

There are 6 different kinds of hidden errors that can occur in a Trial Balance that will make it appear as though the accounts are balanced.

1. Error of Entry: The entry was made successfully but in the incorrect amount (a bill of £10 was recorded as £100). If both double-entries are the same amount there would be no way of finding the error other than checking against the original information
2. Reversal of Entries: The entry was made successfully and to the correct account but on the wrong side (i.e. credit when it should be debit and vice versa)
3. Error of Omission: The entry was not entered into the records anywhere. Impossible to spot unless checked against the original data
4. Error of Commission: The entry was entered into the wrong account. Double checking should point this error out
5. Error of Principal/Understanding: The entry was made in the correct amount and on the correct side of the account, but was entered into the wrong account. For example, Fixtures & Fittings would go into a Fixtures & Fittings Account, not Premises. This is an error of understanding and so cannot be fixed if the person making the double-entry system doesn’t understand what they are doing.
6. Compensating Error: When two errors seemingly balance each other out. An entry for £1000 and an entry for £600 when both should be £800.