

## CHAPTER 6

### Trial Balance and Rectification of Errors

#### EXERCISE QUESTIONS

#### 5MARKS

**Q1. State the meaning of a Trial Balance.**

**Solution:** Trial balance is a statement prepared to check the arithmetical accuracy of transactions recorded in the journal, posted into the ledger and balanced in the ledger accounts. The balance of ledger accounts shows the difference between the total of the debit items and credit items in an account. Personal, real and nominal accounts are considered for preparing the trial balance. Generally, it is prepared at the end of an accounting year. However, it may be prepared at the end of any chosen period, which may be monthly, quarterly, half yearly or annually depending upon when it is required. It helps in the preparation of the financial statements.

**Q2. Give two examples of errors of principle?**

**Solution:** Generally accepted accounting principles are to be followed to record the accounting entries. When accounting entries are recorded in contravention of accounting principles, it is known as an error of principle.

1. Wages paid for installation of new machinery debited to wages account:
2. Wages paid for installation of new machinery is a capital expenditure and accordingly machinery account should have been debited. But, here it is treated as revenue expenditure and is debited to wages account. Thus, it violates the accounting principle.
3. Amount spent on repair of building debited to machinery account:  
Expense on repair is revenue expenditure and not a capital expenditure. The amount should have been debited to repairs

account and to the machinery account which is a capital account. Thus, it violates the accounting principle.

### **Q3. Give two examples of errors of commission?**

**Solution:** Errors of commission are committed because of wrong recording, wrong posting, wrong balancing and wrong casting of subsidiary books. Such errors affect the accuracy of the trial balance.

1. Cash received from a creditor worth Rs.5,000 is recorded in the cash book as Rs.500.  
The transaction is recorded in the cashbook as Rs.500 instead of Rs.5,000. This is an error because of the wrong recording of amount in the cash book.
2. Amount received from Arun Rs.2,000, is wrongly posted in Tarun's account.  
In this transaction, Tarun's A/c is credited instead of Arun's A/c. This is referred to as an error of wrong posting of transactions.

### **Q4. What are the methods of preparing trial balance?**

**Solution:** A trial balance can be prepared in the following three ways :

1. **Totals Method:** In this method, the total of the debit and the credit side of the ledger is determined and presented separately in the trial balance. The total of both the sides should match as the accounts are based on double entry system.
2. **Balances Method:** In this method, the balances of all ledger accounts are presented in their respective debit and credit columns of the trial balance. The total of both the sides should match as the accounts are based on double entry system and this method of preparing a trial balance is widely used because it helps in the preparation of financial statements.
3. **Totals-cum-balances Method:** This method is a blend of the totals and balances method. This method has four columns. The first two columns are to write the totals of the debits and credits of the various accounts and the other two columns are to write the debit or

the credit balances of these accounts. This method is time consuming, and hence are not used widely.

**Q5. What are the steps taken by an accountant to locate the errors in the trial balance?**

**Solution:** Steps to identify the errors:

1. Recast the totals of the debit and credit columns of the trial balance.
2. Compare each account head and its amount appearing in the trial balance with that of the ledger to detect any difference in amount or omission of any account.
3. Compare the trial balance of the current year with that of the previous year to check the additions or deletions to any accounts and to verify if there is any unexplained difference in amounts.
4. Re-check the correctness of balances of individual accounts in their respective ledgers.
5. Re-check the accuracy of the postings in individual accounts from the transactions entered in the books of original entry.
6. If the difference between the debit and credit columns is of `1, `10, `100 or `1000, the casting of the subsidiary books should be re-checked.
7. If the difference between the debit and credit columns is divisible by 2, then there is a possibility that an amount equal to half the difference may have been posted to the wrong side of another ledger account.
8. The above point may also indicate a complete omission of a posting.
9. If the difference is divisible by 9, the mistake could be because of transposition of figures.
10. Still, if it is not possible to locate the errors, the difference in the trial balance for that moment is transferred to the suspense account. All the one-sided errors detected are rectified through this account.

**Q6. What is a suspense account? Is it necessary that suspense account will balance off after rectification of the errors detected by the accountant? If not, then what happens to the balance still remaining in suspense account?**

**Solution:**

In certain cases, when the debit column and the credit column of a trial balance do not agree, then the difference of the trial balance is transferred to a temporary account which is called a suspense account. This account is created to avoid any delay in creation of the financial statements. If the debit column falls short of the credit column, then the suspense account is debited and if the credit column falls short of the debit column then the suspense account is credited.

When all the errors are detected and rectified, then the suspense account automatically gets balanced. However, when errors still exist and are not rectified, the suspense account will not balance off and the balance amount of the suspense account will have to be transferred to the balance sheet. The debit balance of the suspense account is shown on the assets side and the credit balance is shown on the liabilities side of the balance sheet.

**Q7. What kinds of errors would cause difference in the trial balance? Also list examples that would not be revealed by a trial balance?**

**Solution:**

One-sided errors are the errors which when committed affect the agreement of the trial balance. These errors affect only one account and any one side i.e. debit or the credit side of the account. Errors of partial omission, recording transactions with wrong amount, casting, posting of incorrect amount are examples of one-sided errors.

Two-sided errors do not affect the agreement of the trial balance. Here, are a few examples which would not be revealed in a trial balance:

1. Purchases from Mr. Shah, completely omitted to be recorded in the purchase book.

2. Purchases made from Vijesh, recorded in Ritesh's account who is another creditor.
3. Stationary purchased for office use recorded in the purchase book.

## 7MARKS

**Q1. Describe the purpose for the preparation of trial balance.**

**Solution:**

The important purposes for which the trial balance was prepared are explained with the help of the following points:

1. **Ascertain the arithmetical accuracy of ledger accounts** – The trial balance helps to ascertain whether all the debits and credits are properly recorded in the ledger. When the debit and the credit balances are equal, it is said that the posting and the balancing of the accounts is arithmetically correct. However, the tallying of the trial balance cannot be considered as a conclusive proof of accuracy of the books.
2. **Helps in locating errors** – When a trial balance does not tally, it helps in detecting or locating the errors. The error may have occurred at any one of the stages of an accounting process; namely,
  1. Totaling of the subsidiary books
  2. Posting of journal entries in the ledger
  3. Calculating account balances
  4. Carrying account balances to the trial balance
  5. Totaling the trial balance columns
3. **Helps in the preparation of the financial statements** – Trial balance is a statement which lists the debit and credit balances of all ledger accounts and helps in the preparation of the financial statements. Hence, it is considered as a connecting link between the accounting records and the preparation of financial statements.

**Q2. Explain the errors of commission and give two examples with measures to rectify them.**

**Solution:** The errors which are committed because of wrong posting of transactions, wrong balancing of accounts, wrong casting of subsidiary books, wrong totaling or wrong recording of amount in the books are all error of commission. These errors affect the agreement of the trial balance.

1. Purchases done from Rohan worth Rs.10,000 recorded as Rs.1,000. Here, the transaction is recorded for Rs.1,000 instead of Rs.10,000. This is an error of wrong recording of amount. Purchases A/c requires a further debit of Rs.9,000 and Rohan's A/c requires a further credit of Rs.9,000. The rectifying entry is:

Purchases A/c	Dr.	9,000	
	To Rohan's A/c		9,000
(Being goods purchased from Rohan of Rs.10,000 wrongly recorded as Rs.1,000, now rectified)			

2. Sales book totaled as Rs.5,000 instead of Rs.50,000.

Here, the total sales of the book are short by Rs.45,000. This error can be rectified at any of the following two stages:

1. If the error is located before preparing trial balance, then Rs.45,000 should be recorded in the credit side of Sales Account.
2. If an error is located after preparing Trial Balance, then assuming that a suspense account is opened the following entry needs to be

Suspense A/c	Dr.		45,000
To Sales A/c		45,000	
(Being sales book wrongly totaled as Rs.5,000 instead of Rs.50,000)			

recorded.

**Q4. What are the different types of errors that are usually committed in recording business transaction?**

**Solution:** According to the nature of errors committed, errors are classified into the following four categories:

1. **Errors of Commission:** The errors that are committed because of wrong posting of transactions, wrong balancing of accounts, wrong casting of subsidiary books, wrong totaling or wrong recording of

amount in the books are all error of commission. These errors affect the agreement of the trial balance.

2. **Errors of Omission:** These errors are of two types and are committed when a transactions is partially or completely omitted to be recorded in the books.
  1. Error of complete omission – When a transaction is completely omitted to be recorded in the books of accounts or to be posted in the respective ledgers, it is an error of complete omission. Such errors do not affect the agreement of the trial balance.
  2. Error of partial omission – When a transaction is partially omitted while recording in the books or amounts or partially omitted from posting in the ledger, it is an error of partial omission. Such errors affect the agreement of the trial balance.
3. **Errors of Principle:** Accounting transactions are to be recorded following certain principles. If any of the principle of accounting entries are violated or ignored and the error occurring due to such violation is called error of principle.
4. **Compensating errors:** When two or more errors are committed in such a way that the net effect of these errors on the debits and credits of accounts is nil, such errors are called compensating errors.

**Q5. As an accountant of a company, you are disappointed to learn that the totals in your new trial balance are not equal. After going through a careful analysis, you have discovered only one error. Specifically, the balance of the Office Equipment account has a debit balance of Rs.15,600 on the trial balance. However, you have figured out that a correctly recorded credit purchase of pen-drive for Rs.3,500 was posted from the journal to the ledger with a Rs.3,500 debit to Office Equipment and another Rs.3,500 debit to creditors accounts. Answer each of the following questions and present the amount of any misstatement:**

- (a) Is the balance of the office equipment account overstated, understated, or correctly stated in the trial balance?
- (b) Is the balance of the creditors account overstated, understated, or



correctly stated in the trial balance?

(c) Is the debit column total of the trial balance overstated, understated, or correctly stated?

(d) Is the credit column total of the trial balance overstated, understated, or correctly stated?

(e) If the debit column total of the trial balance is Rs.2,40,000 before correcting the error, what is the total of credit column.

**Solution:**

Pen-drive is wrongly debited to office equipment account, instead of stationery account and supplier account is debited instead of crediting.

Because of these mistakes, the following errors are committed:

a. The balance of office equipment is overstated by Rs.3,500

b. The balance of creditors account is understated by Rs.7,000

c. The total of the debit column of the trial balance is correctly stated.

d. The total of the credit column of the trial balance is understated by Rs.7,000.

e. If the total of the debit column of the trial balance is Rs.2,40,000 before rectifying error, the total of the credit column of the trial balance is Rs.2,33,000 (i.e., Rs.2,40,000 – Rs.7,000).

## Numerical Questions

### Q1. Rectify the following errors:

1. Credit sales to Mohan ₹ 7,000 were not recorded.
2. Credit purchases from Rohan ₹ 9,000 were not recorded.
3. Goods returned to Rakesh ₹ 4,000 were not recorded.
4. Goods returned from Mahesh ₹ 1,000 were not recorded.

### Solution:

S.No.	Particulars	Amt. (Rs.)	Amt. (Rs.)
(i)	Mohan A/c Dr. To Sales A/c (Being credit sale to Mohan were not recorded, now recorded)	7,000	7,000
(ii)	Purchases A/c Dr. To Rohan A/c (Being credit purchases from Rohan were not recorded previously, now recorded)	9,000	9,000
(iii)	Rakesh A/c Dr. To Purchase Return A/c (Being goods returned to Rakesh not recorded, now recorded)	4,000	4,000
(iv)	Sales Return A/c Dr. To Mohan A/c (Being goods returned from Mahesh not recorded, now recorded)	1,000	1,000

### Q2. Rectify the following errors:

1. Credit sales to Mohan ₹ 7,000 were recorded as ₹ 700.
2. Credit purchases from Rohan ₹ 9,000 were recorded as ₹ 900.
3. Goods returned to Rakesh ₹ 4,000 were recorded as ₹ 400.

4. Goods returned from Mahesh ₹ 1,000 were recorded as ₹ 100.

**Solution:**

S.No.	Particulars	Amt. (Rs.)	Amt. (Rs.)
(i)	Mohan A/c Dr. To Sales A/c (Being credit sale to Mohan Rs. 7,000 recorded, only for Rs. 700)	6,300	6,300
(ii)	Purchases A/c Dr. To Rohan A/c (Being credit purchases from Rohan Rs. 9,000 recorded as Rs. 900)	8,100	8,100
(iii)	Rakesh A/c Dr. To Purchase Return A/c (Being goods returned to Rakesh Rs. 4,000 recorded only for Rs. 400)	3,600	3,600
(iv)	Sales Return A/c Dr. To Mahesh A/c (Being goods returned from Mahesh Rs. 1,000 recorded only Rs. 100)	900	900

**Q3. Rectify the following errors:**

1. Credit sales to Mohan ₹ 7,000 were recorded as ₹ 7,200.
2. Credit purchases from Rohan ₹ 9,000 were recorded as ₹ 9,900.
3. Goods returned to Rakesh ₹ 4,000 were recorded as ₹ 4,040.
4. Goods returned from Mahesh ₹ 1,000 were recorded as ₹ 1,600.

**Solution:**

S.No.	Particulars	Amt. (Rs.)	Amt. (Rs.)
(i)	Sales A/c Dr. To Mohan A/c (Being sale recorded excess by Rs. 200)	200	200
(ii)	Rohan A/c Dr. To Purchases A/c (Being purchases of Rs. 9,000 recorded as Rs. 9,900 now rectified)	900	900
(iii)	Purchase Return A/c Dr. To Rakesh A/c (Being goods returned of Rs. 4,000 recorded as Rs. 4,040 now rectified)	40	40
(iv)	Mahesh A/c Dr. To Sales Return A/c (Being goods returned of Rs. 1,000 recorded by Rs. 1,600 now rectified)	600	600

**Q4. Rectify the following errors:**

1. Salary paid ₹ 5,000 was debited to employee's personal account.
2. Rent paid ₹ 4,000 was posted to landlord's personal account.
3. Goods withdrawn by proprietor for personal use ₹ 1,000 were debited to sundry expenses account.
4. Cash received from Kohli ₹ 2,000 was posted to Kapur's account.
5. Cash paid to Babu ₹ 1,500 was posted to Sabu's account.

**Solution:**

S.No.	Particulars	Amt. (Rs.)	Amt. (Rs.)
(i)	Salary A/c Dr. To Employee's Personal A/c (Being salary paid wrongly debited to employee's personal account, now rectified)	5,000	5,000
(ii)	Rent A/c Dr. To Landlord's Personal A/c (Being rent paid wrongly debited in landlord's personal account, now rectified)	4,000	4,000
(iii)	Drawings in Goods A/c Dr. To Sundry Expenses A/c (Being goods withdrawn for private use and debited wrongly in sundry expenses, now rectified)	1,000	1,000
(iv)	Kapur A/c Dr. To Kohli A/c (Being cash received from Kohli wrongly posted to Kapur, now rectified)	2,000	2,000
(v)	Babu A/c Dr. To Sabu A/c (Being cash paid to Babu wrongly posted to Sabu's account, now rectified)	1,500	1,500

**Q5. Rectify the following errors:**

1. Credit Sales to Mohan ₹ 7,000 were recorded in purchases book.
2. Credit Purchases from Rohan ₹ 900 were recorded in sales book.
3. Goods returned to Rakesh ₹ 4,000 were recorded in the sales return book.
4. Goods returned from Mahesh ₹ 1,000 were recorded in purchases return book.
5. Goods returned from Mahesh ₹ 2,000 were recorded in purchases book.

### Solution:

Rectification Journal Entries				
Date	Particulars	L.F.	Dr. ₹	Cr. ₹
i.	Mohan A/c Dr. To Sales A/c To Purchases A/c (Being credit sales to Mohan recorded in purchase Book, now rectified)		14,000	7,000 7,000
ii.	Sales A/c Dr. Purchases A/c Dr. To Rohan A/c (Being credit purchases from Rohan recorded in sales book, now rectified )		900 900	1,800
iii.	Rakesh A/c Dr. To Purchases Return A/c To Sales Return A/c (Being goods returned to Rakesh were recorded in sales return book, now rectified)		8,000	4,000 4,000
iv.	Sales Return A/c Dr. Purchases Return A/c Dr. To Mahesh A/c (Being goods returned from Mahesh were recorded in purchases return book, now rectified)		1,000 1,000	2,000
v.	Sale Return A/c Dr. To Purchases A/c (Being goods returned from Mahesh were recorded in purchases book, now rectified )		2,000	2,000

### Q6. Rectify the following errors:

1. Sales book overcast by ₹ 700.
2. Purchases book overcast by ₹ 500.
3. Sales return book overcast by ₹ 300.
4. Purchase returns book overcast by ₹ 200.

### Solution:

Rectification Journal Entries				
Date	Particulars	L.F.	Dr. ₹	Cr. ₹
i.	Sales A/c Dr. To Suspense A/c (Being sales book overcast by ₹700, now rectified)		700	700
ii.	Suspense A/c Dr. To Purchases A/c (Being purchases book overcast by ₹500, now rectified)		500	500
iii.	Suspense A/c Dr. To Sales return A/c (Being sales returned book overcast by ₹300, now rectified)		300	300
iv.	Purchase return A/c Dr. To Suspense A/c (Being purchases return book overcast by ₹200, now rectified)		200	200

Note:

It is assumed that the suspense account is opened to rectify the errors in the trial balance.

### Q7. Rectify the following errors:

1. Sales book undercast by ₹ 300.
2. Purchases book undercast by ₹ 400.
3. Return inwards book undercast by ₹ 200.
4. Return outwards book undercast by ₹ 100.



### Solution:

Rectification Journal Entries				
Date	Particulars	L.F.	Dr. ₹	Cr. ₹
i.	Suspense A/c Dr. To Sales A/c (Being the sales book undercast by ₹300, now rectified)		300	300
ii.	Purchases A/c Dr. To Suspense A/c (Being the sales book overcast by ₹400, now rectified)		400	400
iii.	Return inwards A/c Dr. To Suspense A/c (Being the return inward undercast by ₹200, now rectified)		200	200
iv.	Suspense A/c Dr. To Return outwards A/c (Being the return outwards book undercast by ₹100, now rectified)		100	100

#### Note:

It is assumed that the suspense account is opened to rectify the errors in the trial balance.

### **Q8. Rectify the following errors and ascertain the amount of difference in trial balance by preparing suspense account:**

1. Credit sales to Mohan ₹ 7,000 were not posted.
2. Credit purchases from Rohan ₹ 9,000 were not posted.
3. Goods returned to Rakesh ₹ 4,000 were not posted.
4. Goods returned from Mahesh ₹ 1,000 were not posted.
5. Cash paid to Ganesh ₹ 3,000 was not posted.
6. Cash sales ₹ 2,000 were not posted.



### Solution:

Rectification Journal Entries				
Date	Particulars	L.F.	Dr. ₹	Cr. ₹
i.	Mohan's A/c Dr. To Suspense A/c (Being the goods sold on credit to Mohan were not, now rectified )		7,000	7,000
ii.	Suspense A/c Dr. To Rohan's A/c (Being the goods purchased from Rohan were not posted in Rohan's account, now rectified )		9,000	9,000
iii.	Rakesh's A/c Dr. To Suspense A/c (Being the sales returned book overcast by ₹300, now rectified)		4,000	4,000
iv.	Suspense A/c Dr. To Mahesh's A/c (Being the goods return from Mahesh were not omitted to be recorded in Mahesh's account, now rectified)		1,000	1,000
v.	Ganesh's A/c Dr. To Suspense A/c (Being the cash paid to Ganesh were not posted to Ganesh's account, now recorded)		3,000	3,000
vi.	Suspense A/c Dr. To Sales A/c (Being the cash receipts from sales, were not posted to Sales Account, now rectified )		2,000	2,000

### Q9. Rectify the following errors and ascertain the amount of difference in trial balance by preparing suspense account:

1. Credit sales to Mohan ₹ 7,000 were posted as ₹ 9,000.
2. Credit purchases from Rohan ₹ 9,000 were posted as ₹ 6,000.
3. Goods returned to Rakesh ₹ 4,000 were posted as ₹ 5,000.
4. Goods returned from Mahesh ₹ 1,000 were posted as ₹ 3,000.
5. Cash sales ₹ 2,000 were posted as ₹ 200.

## Solution:

### Rectification Journal Entries

Date	Particulars	L.F.	Dr. ₹	Cr. ₹
i.	Suspense A/c Dr. To Mohan's A/c (Being credit sales to Mohan were not posted in Mohan's account, now rectified)		2,000	2,000
ii.	Suspense A/c Dr. To Rohan's A/c (Being purchases from Rohan ₹9,000 wrongly posted as ₹6,000, now rectified )		3,000	3,000
iii.	Suspense A/c Dr. To Rakesh's A/c (Being goods returned to Rakesh ₹4,000 wrongly posted as ₹5,000, now rectified)		1,000	1,000
iv.	Mahesh's A/c Dr. To Suspense A/c (Being goods returned from Mahesh ₹1,000 wrongly posted as ₹3,000 )		2,000	2,000
v.	Suspense A/c Dr. To Sales A/c (Being cash sales of ₹2,000 wrongly posted as ₹200, now rectified)		1,800	1,800

### Suspense Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
	To Mohan A/c		2,000		By Mahesh A/c		2,000
	To Rohan A/c		3,000		By Balance c/d		5,800
	To Rakesh A/c		1,000				
	To Sales A/c		1,800				
			<b>7,800</b>				<b>7,800</b>

**Q10. Rectify the following errors:**

1. Credit sales to Mohan ₹ 7,000 were posted to Karan.
2. Credit purchases from Rohan ₹ 9,000 were posted to Gobind
3. Goods returned to Rakesh ₹ 4,000 were posted to Naresh.
4. Goods returned from Mahesh ₹ 1,000 were posted to Manish.
5. Cash sales ₹ 2,000 were posted to commission account.

**Solution:**

S.No.	Particulars	Amt. (Rs.)	Amt. (Rs.)
(a)	Mohan A/c Dr. To Karan A/c (Being credit sale to Mohan were posted wrongly to Karan account, now rectified)	7,000	7,000
(b)	Gobind A/c Dr. To Rohan A/c (Being credit purchase from Rohan wrongly entered to Gobind, now rectified)	9,000	9,000
(c)	Rakesh A/c Dr. To Naresh A/c (Being goods returned to Rakesh, wrongly posted to Naresh, now rectified)	4,000	4,000
(d)	Manish A/c Dr. To Mahesh A/c (Being goods returned from Mahesh, wrongly posted to Manish, rectified)	1,000	1,000
(e)	Commission A/c Dr. To Sales A/c (Being cash sale wrongly entered in commission account, now rectified)	2,000	2,000

**Q11. Rectify the following errors assuming that a suspense account was opened. Ascertain the difference in trial balance.**

1. Credit sales to Mohan ₹ 7,000 were posted to the credit of his account.
2. Credit purchases from Rohan ₹ 9,000 were posted to the debit of his account as ₹ 6,000.
3. Goods returned to Rakesh ₹ 4,000 were posted to the credit of his account.
4. Goods returned from Mahesh ₹ 1,000 were posted to the debit of his account as ₹ 2,000.
5. Cash sales ₹ 2,000 were posted to the debit of sales account as ₹ 5,000.

**Solution:**

Rectification Journal Entries				
Date	Particulars	L.F.	Dr. ₹	Cr. ₹
i.	Mohan A/c Dr. To Suspense A/c (Being goods sold to Mohan wrongly credited to his account, now rectified)		14,000	14,000
ii.	Suspense A/c Dr. To Rohan A/c (Being credit purchases from Rohan ₹9,000 were posted to the debit of his account as ₹6,000, now rectified )		15,000	15,000
iii.	Rakesh A/c Dr. To Suspense A/c (Being goods returned to Rakesh wrongly credited to his account, now rectified)		8,000	8,000
iv.	Suspense A/c Dr. To Mahesh A/c (Being goods returned from Mahesh ₹1,000 wrongly debited to his account as ₹2,000, now rectified)		3,000	3,000
v.	Suspense A/c Dr. To Sales A/c (Being cash sales ₹2,000 were posted to the debit of sales account as ₹5,000, now rectified)		7,000	7,000

**Suspense Account**

Dr.				Cr.			
Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
	To Rohan A/c		15,000		By Mohan A/c		14,000
	To Mahesh A/c		3,000		By Rakesh A/c		8,000
	To Sales A/c		7,000		By Balance c/d		3,000
			25,000				25,000

**Q12. Rectify the following errors assuming that a suspense account was opened. Ascertain the difference in trial balance.**

1. Credit sales to Mohan ₹ 7,000 were posted to Karan as ₹ 5,000.
2. Credit purchases from Rohan ₹ 9,000 were posted to the debit of Gobind as ₹ 10,000.
3. Goods returned to Rakesh ₹ 4,000 were posted to the credit of Naresh as ₹ 3,000.
4. Goods returned from Mahesh ₹ 1,000 were posted to the debit of Manish as ₹ 2,000.
5. Cash sales ₹ 2,000 were posted to commission account as ₹ 200.

**Solution:**

Rectification Journal Entries				
Date	Particulars	L.F.	Dr. ₹	Cr. ₹
i.	<div>Mohan's A/c Dr.</div> <div>To Karan's A/c</div> <div>To Suspense A/c</div> <div>(Being goods sold to Mohan ₹7,000 wrongly posted to Karan's account ₹5,000, now rectified)</div>		7,000	<div>5,000</div> <div>2,000</div>
ii.	<div>Suspense A/c Dr.</div> <div>To Rohan's A/c</div> <div>To Gobind's A/c</div> <div>(Being goods purchased from Rohan ₹9,000 posted wrongly to the debit of Gobind's account as ₹10,000, now rectified)</div>		19,000	<div>9,000</div> <div>10,000</div>
iii.	<div>Rakesh's A/c Dr.</div> <div>Naresh's A/c Dr.</div> <div>To Suspense A/c</div> <div>(Being goods returned to Rakesh ₹4,000 posted wrongly to the credit of ₹3,000, now rectified)</div>		<div>4,000</div> <div>3,000</div>	7,000



iv.	Suspense A/c To Mahesh's A/c To Manish's A/c (Being goods returned from Mahesh ₹1,000 posted wrongly to the debit of Manish's account as ₹2,000, now rectified)	Dr.		3,000	1,000 2,000
v.	Commission A/c Suspense A/c To Sales A/c (Being cash sales ₹2,000 posted wrongly to the Commission Account as ₹200, now rectified)	Dr. Dr.		200 1,800	2,000

#### Suspense Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
	To Rohan A/c		9,000		By Mohan A/c		2,000
	To Gobind A/c		10,000		By Rakesh A/c		4,000
	To Mahesh A/c		1,000		By Naresh A/c		3,000
	To Manish A/c		2,000		By Balance c/d		14,800
	To Sales A/c		1,800				
			<b>23,800</b>				<b>23,800</b>

**Q13. Rectify the following errors assuming that suspense account was opened. Ascertain the difference in trial balance.**

1. Credit sales to Mohan ₹ 7,000 were recorded in Purchase Book. However, Mohan's account was correctly debited.
2. Credit purchases from Rohan ₹ 9,000 were recorded in sales book. However, Rohan's account was correctly credited.
3. Goods returned to Rakesh ₹ 4,000 were recorded in sales return book. However, Rakesh's account was correctly debited.
4. Goods returned from Mahesh ₹ 1,000 were recorded through purchases return book. However, Mahesh's account was correctly credited.

5. Goods returned to Naresh ₹ 2,000 were recorded through purchases book. However, Naresh's account was correctly debited.

**Solution:**

**Rectification Journal Entries**

Date	Particulars	L.F.	Dr. ₹	Cr. ₹
i.	<div>Suspense A/c Dr.</div> <div>To Sales A/c</div> <div>To Purchases A/c</div> <div>(Being the goods sold to Mohan wrongly recorded in purchases book; however, Mohan's account was correctly debited, now rectified)</div>		14,000	7,000 7,000
ii.	<div>Purchases A/c Dr.</div> <div>Sales A/c</div> <div>To Suspense A/c</div> <div>(Being the purchased goods from Rohan wrongly recorded in sales book; however, Rohan's account was correctly credited, now rectified)</div>		9,000 9,000	18,000
iii.	<div>Suspense A/c Dr.</div> <div>To Purchases Return A/c</div> <div>To Sales Return A/c</div> <div>(Being goods returned to Rakesh ₹4,000 wrongly entered in Sales Return Book; however, Rakesh's account was correctly debited, now rectified)</div>		8,000	4,000 4,000
iv.	<div>Sales Return A/c Dr.</div> <div>Purchases Return A/c</div> <div>To Suspense A/c</div> <div>(Being goods returned from Mahesh wrongly entered in purchases return book; however, Mahesh's account was correctly credited, now rectified)</div>		1,000 1,000	2,000
v.	<div>Suspense A/c Dr.</div> <div>To Purchases Return A/c</div> <div>To Purchases A/c</div> <div>(Being goods returned to Naresh wrongly entered in purchases book; however, correctly debited to Naresh's Account, now rectified)</div>		4,000	2,000 2,000

Suspense Account							
Dr.				Cr.			
Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
	To Sales A/c		7,000		By Purchases A/c		9,000
	To Purchases A/c		7,000		By Sales A/c		9,000
	To Purchases Return A/c		4,000		By Sales Return A/c		1,000
	To Sales Return A/c		4,000		By Purchases Return A/c		1,000
	To Purchases Return A/c		2,000		By Balance c/d		6,000
	To Purchases A/c		2,000				
			26,000				26,000

**Q14. Rectify the following errors:**

1. Furniture purchased for ₹ 10,000 wrongly debited to purchases account.
2. Machinery purchased on credit from Raman for ₹ 20,000 was recorded through purchases book.
3. Repairs on machinery ₹ 1,400 debited to machinery account.
4. Repairs on overhauling of second hand machinery purchased ₹ 2,000 was debited to repairs account.
5. Sale of old machinery at book value of ₹ 3,000 was credited to sales account.



**Solution:**

S.No.	Particulars	Amt. (Rs.)	Amt. (Rs.)
(a)	Furniture A/c Dr. To Purchase A/c (Being furniture purchased wrongly debited to purchase account, now rectified)	10,000	10,000
(b)	Machinery A/c Dr. To Purchase A/c (Being machinery purchased was wrongly recorded in purchase book, now rectified)	20,000	20,000
(c)	Repair A/c Dr. To Machinery A/c (Being repair on machine wrongly debited to machinery account, now rectified)	1,400	1,400
(d)	Machinery A/c Dr. To Repair A/c (Being repair on machinery wrongly debited to repair account, now rectified)	2,000	2,000
(e)	Sales A/c Dr. To Machinery A/c (Being sale of old machinery wrongly credited to sales account)	3,000	3,000

**Q15. Rectify the following errors assuming that suspense account was opened. Ascertain the difference in trial balance.**

1. Furniture purchased for ₹ 10,000 wrongly debited to purchase account as ₹ 4,000.
2. Machinery purchased on credit from Raman for ₹ 20,000 recorded through Purchases Book as ₹ 6,000.
3. Repairs on machinery ₹ 1,400 debited to Machinery account as ₹ 2,400.
4. Repairs on overhauling of second hand machinery purchased ₹ 2,000 ₹ 200.

5. Sale of old machinery at book value ₹ 3,000 was credited to sales account as ₹ 5,000.

**Solution:**

**Rectification Journal Entries**

Date	Particulars	L.F.	Dr. ₹	Cr. ₹
i.	Furniture A/c Dr. To Purchases A/c To Suspense A/c (Being furniture purchased ₹10,000 wrongly entered in purchases account as ₹4,000, now rectified)		10,000	4,000 6,000
ii.	Machinery A/c Dr. To Purchases A/c To Raman's A/c (Being machinery purchased ₹20,000 from Raman wrongly entered in purchases book as ₹6,000, now rectified)		20,000	6,000 14,000
iii.	Repairs A/c Dr. Suspense A/c Dr. To Machinery A/c (Being repair of machinery ₹1,400 wrongly debited to Machinery Account as ₹2,400)		1,400 1,000	2,400
iv.	Machinery A/c Dr. To Repairs A/c To Suspense A/c (Being overhauling of second hand machine ₹2,000 wrongly debited to Repairs Account as ₹200, now rectified)		2,000	200 1,800
v.	Sales A/c Dr. To Machinery A/c To Suspense A/c (Being old machinery sold for ₹3,000 wrongly credited to Sales Account as ₹5,000, now rectified)		5,000	3,000 2,000

**Suspense Account**

Dr.				Cr.			
Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
	To Machinery A/c		1,000		By Furniture A/c		6,000
	To Balance c/d		8,800		By Machinery A/c		1,800
					By Sales A/c		2,000
			9,800				9,800

### Q16. Rectify the following errors :

1. Depreciation provided on machinery ₹ 4,000 was not posted.
2. Bad debts written off ₹ 5,000 were not posted.
3. Discount allowed to a debtor ₹ 100 on receiving cash from him was not posted.
4. Discount allowed to a debtor ₹ 100 on receiving cash from him was not posted to discount account.
5. Bill receivable for ₹ 2,000 received from a debtor was not posted.

### Solution:

Rectification Journal Entries				
Date	Particulars	L.F.	Dr. ₹	Cr. ₹
i.	Depreciation A/c Dr. To Machinery A/c (Being depreciation on machinery was not posted, now rectified)		4,000	4,000
ii.	Bad debts A/c Dr. To Debtors A/c (Being bad debts written off not posted, now rectified)		5,000	5,000
iii.	Discount Allowed A/c Dr. To Debtors A/c (Being discount allowed to debtors was not posted, now rectified)		100	100
iv.	Discount Allowed A/c Dr. To Suspense A/c (Being discount allowed to debtors was not posted in discount account, now rectified)		100	100
v.	Bills Receivable A/c Dr. To Debtor A/c (Being bill receivable for ₹2,000 received from a debtor was not posted, now rectified)		2,000	2,000

**Q17. Rectify the following errors:**

1. Depreciation provided on machinery ₹ 4,000 was posted as ₹ 400.
2. Bad debts written off ₹ 5,000 were posted as ₹ 6,000.
3. Discount allowed to a debtor ₹ 100 on receiving cash from him was posted as ₹ 60.
4. Goods withdrawn by proprietor for personal use ₹ 800 were posted as ₹ 300.
5. Bill receivable for ₹ 2,000 received from a debtor was posted as ₹ 3,000.

**Solution:**

Rectification Journal Entries				
Date	Particulars	L.F.	Dr. ₹	Cr. ₹
i.	Depreciation A/c Dr. To Machinery A/c (Being depreciation provided on machinery ₹4,000 wrongly posted as ₹400, now rectified)		3,600	3,600
ii.	Debtors A/c Dr. To Bad Debts A/c (Being bad debt written off ₹5,000 wrongly posted as ₹6,000, now rectified)		1,000	1,000
iii.	Discount Allowed A/c Dr. To Debtors A/c (Being Discount allowed to debtors ₹100 wrongly posted as ₹60,now rectified)		40	40
iv.	Drawings A/c Dr. To Purchases A/c (Being drawings of goods ₹800 wrongly posted as ₹300,now rectified)		500	500
v.	Debtor A/c Dr. To Bills Receivable A/c (Being bills receivable ₹2,000 received from debtors wrongly posted as ₹3,000)		1,000	1,000

**Q18. Rectify the following errors assuming that suspense account was opened. Ascertain the difference in trial balance.**

1. Depreciation provided on machinery ₹ 4,000 was not posted to Depreciation account.
2. Bad debts written-off ₹ 5,000 were not posted to Debtors account.
3. Discount allowed to a debtor ₹ 100 on receiving cash from him was not posted to discount allowed account.
4. Goods withdrawn by proprietor for personal use ₹ 800 were not posted to Drawings account.
5. Bill receivable for ₹ 2,000 received from a debtor was not posted to Bills receivable account.

**Solution:**

Rectification Journal Entries

Date	Particulars	L.F.	Dr. ₹	Cr. ₹
i.	Depreciation A/c Dr. To Suspense A/c (Being depreciation on machinery was not posted to depreciation account, now rectified)		4,000	4,000
ii.	Suspense A/c Dr. To Debtors A/c (Being bad debts written off were not posted to debtors account, now rectified)		5,000	5,000
iii.	Discount Allowed A/c Dr. To Suspense A/c (Being discount allowed to customers was not posted to discount allowed account, now rectified)		100	100
iv.	Drawings A/c Dr. To Suspense A/c (Being goods withdrawn by proprietors was not posted to drawings Account, now rectified)		800	800
v.	Bills Receivable A/c Dr. To Suspense A/c (Being bill receivable received from debtors not posted to bills receivable account, now rectified)		2,000	2,000

Suspense Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
	To Debtors A/c		5,000		By Depreciation A/c		4,000
	To Balance b/d		1,900		By Discount Allowed A/c		100
					By Drawings A/c		800
					By Bills Receivable A/c		2,000
			6,900				6,900

**Q19. Trial balance of Anuj did not agree. It showed an excess credit of ₹ 6,000. He put the difference to suspense account. He discovered the following errors:**

1. Cash received from Ravish ₹ 8,000 posted to his account as ₹ 6,000.
2. Returns inwards book overcast by ₹ 1,000.
3. Total of sales book ₹ 10,000 was not posted to Sales account.
4. Credit purchases from Nanak ₹ 7,000 were recorded in sales Book. However, Nanak's account was correctly credited.
5. Machinery purchased for ₹ 10,000 was posted to purchases account as ₹ 5,000. Rectify the errors and prepare suspense account.

**Solution:**

S.No.	Particulars	Amt. (Rs.)	Amt. (Rs.)
(a)	Suspense A/c Dr. To Ravish A/c (Being cash received from Ravish Rs. 8,000 posted to his account as Rs. 6,000, now rectified)	2,000	2,000
(b)	Suspense A/c Dr. To Sales Return A/c (Being return inward book was overcast, now rectified)	1,000	1,000
(c)	Suspense A/c Dr. To Sales A/c (Being total of sales book was not posted to sales account, now rectified)	10,000	10,000
(d)	Purchase A/c Dr. Sales A/c Dr. To Suspense A/c (Being purchase of goods recorded in sales book, but Nanak's account was correctly credited, now rectified)	7,000 7,000	14,000
(e)	Machinery A/c Dr. To Purchase A/c To Suspense A/c (Being machinery purchased was wrongly posted to purchase account, but posted as Rs. 5,000 instead of Rs. 10,000, now rectified)	10,000	5,000 5,000

Dr.		Suspense A/c		Cr.	
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)		
To Ravish A/c	2,000	By Purchase A/c	7,000		
To Sales Return A/c	1,000	By Sales A/c	7,000		
To Sales A/c	10,000	By Machinery A/c	5,000		
To difference in trial balance b/d	6,000				
Total	19,000	Total	19,000		



**Q20. Trial balance of ₹ 10,000. He put the difference to suspense account and discovered the following errors:**

1. Depreciation written-off the furniture ₹ 6,000 was not posted to Furniture account.
2. Credit sales to ₹ 10,000 were recorded as ₹ 7,000.
3. Purchases book undercast by ₹ 2,000.
4. Cash sales to ₹ 5,000 were not posted.
5. Old Machinery sold for ₹ 7,000 was credited to sales account.
6. Discount received ₹ 800 from Kanan on paying cash to him was not posted.

**Rectify the errors and prepare suspense account.**

**Solution:**

Rectification Journal Entries

Date	Particulars	L.F.	Dr. ₹	Cr. ₹
i.	Suspense A/c Dr. To Furniture A/c (Being depreciation on furniture was not posted to Furniture Account, now rectified)		6,000	6,000
ii.	Rupam's A/c Dr. To Sales A/c (Being goods sold to Rupam ₹10,000 wrongly recorded as ₹7,000, now rectified)		3,000	3,000
iii.	Purchases A/c Dr. To Suspense A/c (Being purchases book undercast by ₹2,000, now rectified)		2,000	2,000
iv.	Cash A/c Dr. To Sales A/c (Being sales for cash to Rana not posted, now rectified)		5,000	5,000
v.	Sales A/c Dr. To Machinery A/c (Being sale of old machinery wrongly recorded in sales account, now rectified)		7,000	7,000
vi.	Kanan's A/c Dr. To Discount Received A/c (Being discount received from Kanan was not posted, now rectified)		800	800

Suspense Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
	To Furniture A/c		6,000		By Balance b/d		10,000
	To Balance b/d		6,000		By Purchases A/c		2,000
	To Return Inwards A/c		1,000				
	To Sales A/c		10,000				
			12,000				12,000

**Q21. Trial balance of Madan did not agree and he put the difference to suspense account. He discovered the following errors:**

1. Sales return book overcast by ₹ 800.
2. Purchases return to ₹ 2,000 was not posted.
3. Goods purchased on credit from ₹ 4,000 though taken into stock, but no entry was passed in the books.
4. Installation charges on new machinery purchased ₹ 500 were debited to sundry expenses account as ₹ 50.
5. Rent paid for residential accommodation of madam (the proprietor) ₹ 1,400 was debited to rent account as ₹ 1,000.

**Rectify the errors and prepare suspense account to ascertain the difference in trial balance.**

**Solution:**

S.No.	Particulars		Amt. (Rs.)	Amt. (Rs.)
(a)	Suspense A/c Dr. To Sales Return A/c (Being sales return overcast)		800	800
(b)	Sahu A/c Dr. To Suspense A/c (Being goods return to Sahu not entered in his account)		2,000	2,000
(c)	Goods (Purchase) A/c Dr. To Narula A/c (Being goods purchased on credit not recorded at all)		4,000	4,000
(d)	Machinery A/c Dr. To Sundry Expenses A/c To Suspense A/c (Being machinery purchased Rs. 500, but debited installment charged to sundry expenses as Rs. 50 only)		500	50 450
(e)	Drawings A/c Dr. To Rent A/c To Suspense A/c (Being rent paid for private purpose wrongly debited to Rent A/c by Rs. 1,000 instead of Rs. 1,400)		1,400	1,000 400

**Dr. Suspense A/c Cr.**

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Sales Return A/c	800	By Machinery A/c	450
To difference in trial balance c/d	2,050	By Sahu's A/c	2,000
		By Drawings A/c	400
Total	2,850	Total	2,850
		By Balance b/d	2,050



**Q22. Trial balance of Kohli did not agree and showed an excess debit of ₹ 16,300. He put the difference to a suspense account and discovered the following errors:**

1. Cash received from ₹ 5,000 was posted to the debit of Kamal as ₹ 6,000.
2. Salaries paid to an employee ₹ 2,000 were debited to his personal account as ₹ 1,200.
3. Goods withdrawn by proprietor for personal use ₹ 1,000 were credited to sales account as ₹ 1,600.
4. Depreciation provided on machinery ₹ 3,000 was posted to Machinery account as ₹ 300.
5. Sale of old car for ₹ 10,000 was credited to sales account as ₹ 6,000.

**Rectify the errors and prepare suspense account.**

**Solution:**

Rectification Journal Entries

Date	Particulars	L.F.	Dr. ₹	Cr. ₹
i.	Suspense A/c Dr. To Rajat's A/c To Kamal's A/c (Being cash received from Rajat ₹5,000 wrongly posted in the debit of Rajat's Account as ₹6,000, now rectified)		11,000	5,000 6,000
ii.	Salaries A/c Dr. To Employee A/c To Suspense A/c (Being salaries paid to employee wrongfully posted to employee's account as ₹1,200, now rectified)		2,000	1,200 800
iii.	Sales A/c Dr. To Suspense A/c To Purchases A/c (Being goods drawn by proprietor for personal use ₹1,000 wrongly credited to sales Account as ₹1,600, now rectified)		1,600	600 1,000
iv.	Suspense A/c Dr. To Machinery A/c (Being depreciation on machinery ₹3,000 wrongly credited to machinery account as ₹300, now rectified)		2,700	2,700

v.	Sales A/c	Dr.	6,000	
	Suspense A/c	Dr.	4,000	
	To Car A/c			10,000
	(Being sale of old car for ₹10,000 wrongly posted to sales Account as ₹6,000, now rectified)			

**Suspense Account**

Dr.				Cr.			
Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
	To Rajat A/c		5,000		By Balance b/d		16,300
	To Kamal A/c		6,000		By Salaries A/c		800
	To Machinery A/c		2,700		By Sales A/c		600
	To Car A/c		4,000				
			17,700				17,700

**Q23. Give journal entries to rectify the following errors assuming that suspense account had been opened.**

1. Goods distributed as free sample ₹ 5,000 were not recorded in the books.
2. Goods withdrawn for personal use by the proprietor ₹ 2,000 were not recorded in the books.
3. Bill receivable received from a debtor ₹ 6,000 was not posted to his account
4. Total of returns inwards book ₹ 1,200 was posted to Returns outwards account.
5. Discount allowed to ₹ 700 on receiving cash from her was recorded in the books as ₹ 70.

### Solution:

S.No.	Particulars	Amt. (Rs.)	Amt. (Rs.)
(a)	Free Samples A/c Dr. To Goods (Purchase) A/c (Being free sample distributed not previously recorded, now recorded)	5,000	5,000
(b)	Drawings A/c Dr. To Goods (Purchase) A/c (Being goods withdrawn for private use not previously recorded, now rectified and recorded)	2,000	1,200
(c)	Suspense A/c Dr. To Debtors A/c (Being B/R received not recorded in debtors account, now rectified)	6,000	6,000
(d)	Sales Return A/c Dr. Purchase Return A/c Dr. To Suspense A/c (Being total of return inward was recorded in return outward account, now rectified)	1,200 1,200	2,400
(e)	Discount Allowed A/c Dr. To Reema A/c (Being discount allowed to Reema of Rs. 700 wrongly recorded as Rs. 70 only, now rectified)	630	630

**Dr.** **Suspense A/c** **Cr.**

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Debtor A/c	6,000	By Sales Return A/c	1,200
		By Purchase Return A/c	1,200
		By difference in trial balance c/d	3,600
Total	6,000	Total	6,000
To Balance b/d	3,600		