



# ACCOUNTS

## NCERT - NCERT ACCOUNTS(HINGLISH)

### TRIAL BALANCE AND RECTIFICATION OF ERRORS

#### Illustration

**1. Rectify the following errors**

(i) were not recorded.

(ii) were recorded as 10,000.

(iii) were recorded as 25,000.

(iv) were not posted to his account. (v) were posted to his account as 2,000.

(vi) were posted to Reghav's account.

(vii) were posted to the debit of Raghu's account.

(viii) were posted to the debit of Raghav.

(ix) were recorded through sales book.



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**2. Rectify the following errors :**

Cash sales 16,000

(i) were not posted to sales account.

(ii) were posted as 6,000 in sales account.

(iii) were posted to commission account.



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**3. Depreciation written-off as the machinery**

2,000

(i) was not posted at all

(ii) was not posted to machinery account

(iii) was not posted to depreciation account



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4. Trial balance of Anurag did not agree. It showed an excess credit 10,000. Anurag put the difference to suspense account. He located the following errors :

(i) Sales return book over cast by 1,000.

(ii) Purchases book was undercast by 600.

(iii) In the sales book total of page no. 4 was

carried forward to page 5 as 1,000 instead of 1,200 and total of page 8 was carried forward to page 9 as 5,600 instead of 5,000.

(iv) Goods returned to Ram 1,000 were recorded through sales book.

(v) Credit purchases from M & Co. 8,000 were recorded through sales book.

(vi) Credit purchases from S & Co. 5,000 were recorded through sales book. However, S & Co. were correctly credited.

(vii) Salary paid 2,000 was debited to employee's personal account.



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5. Trial balance of Rahul did not agree. Rahul put the difference to suspense account.

Subsequently, he located the following errors :

(i) Wages paid for installation of Machinery

600 was posted to wages account.

(ii) Repairs to Machinery 400 debited to

Machinery account.

(iii) Repairs paid for the overhauling of second

hand machinery purchased 1,000 was debited

to Repairs account.

(iv) Own business material 8,000 and wages

2,000 were used for construction of building.

No adjustment was made in the books.

(v) Furniture purchased for 5,000 was posted to purchase account as 500.

(vi) Old machinery sold to Karim at its book value of 2,000 was recorded through sales book.

(vii) Total of sales returns book 3,000 was not posted to the ledger. Rectify the above errors and prepare suspense account to ascertain the original difference in trial balance.



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**6.** Trial balance of Anant Ram did not agree. It showed an excess credit of 16,000. He put the difference to suspense account. Subsequently the following errors were located:

(i) Cash received from Mohit 4,000 was posted to Mahesh as 1,000.

(ii) Cheque for 5,800 received from Arnav in full settlement of his account of 6,000, was dishonoured. No entry was passed in the books on dishonour of the cheque.

(iii) 800 received from Khanna, whose account had previously been written off as bad, was



credited to his account.

(iv) Credit sales to Manav for 5,000 was recorded through the purchases book as 2,000.

(v) Purchases book undercast by 1,000.

(vi) Repairs on machinery 1,600 wrongly debited to Machinery account as 1,000.

(vii) Goods returned by Nathu 3,000 were taken into stock. No entry was recorded in the books



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7. Trial balance of Kailash did not agree. He put the difference to suspense account. The following errors were discovered :

(i) Goods withdrawn by Kailash for personal use 500 were not recorded in the books.

(ii) Discount allowed to Ramesh 60 on receiving 2,040 from him was not recorded in the books.

(iii) Discount received from Rohan 50 on paying 3,250 to him was not posted at all.

(iv) 700 received from Khalil, a debtor, whose account had earlier been written-off as bad, were credited to his personal account.

(v) Cash received from Govil, a debtor, 5,000 was posted to his account as 500.

(vi) Goods returned to Mahesh 700 were posted to his account as 70.

(vii) Bill receivable from Narayan 1,000 was dishonoured and wrongly debited to allowances account as 10,000.

Give journal entries to rectify the above errors and prepare suspense account to ascertain the amount of difference in trial balance.



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## 1. Rectify the following errors:

A. Credit sales to Mohan 7,000 were not recorded

B. Credit purchases from Rohan 9,000 were not recorded.

C. Goods returned to Rakesh 4,000 were not recorded

D. Goods returned from Mahesh 1,000

were not recorded.

**Answer:**



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**2. Rectify the following errors:**

A. Credit sales to Mohan 7,000 were

recorded as 700.

B. Credit purchases from Rohan 9,000

were recorded as 900.

C. Goods returned to Rakesh 4,000 were

recorded as 400

D. Goods returned from Mahesh 1,000

were recorded as 100.

**Answer:**



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### 3. Rectify the following errors:

A. Credit sales to Mohan 7,000 were recorded as 7,200.

B. Credit purchases from Rohan 9,000 were recorded as 9,900.

C. Goods returned to Rakesh 4,000 were recorded as 4,040.

D. Goods returned from Mahesh 1,000 were recorded as 1,600.

**Answer:**



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**4. Rectify the following errors:**

(a) Salary paid 5,000 was debited to employee's personal account.

(b) Rent Paid 4,000 was posted to landlord's personal account.

(c) Goods withdrawn by proprietor for personal use 1,000 were debited to sundry expenses account.



(d) Cash received from Kohli 2,000 was posted to Kapur's account.

(e) Cash paid to Babu 1,500 was posted to Sabu's account.

A. Salary paid 5,000 was debited to employee's personal account.

B. Rent Paid 4,000 was posted to landlord's personal account.

C. Goods withdrawn by proprietor for personal use 1,000 were debited to sundry expenses account

D. Cash received from Kohli 2,000 was  
posted to Kapur's account

**Answer:**



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**5. Rectify the following errors:**

A. Credit Sales to Mohan 7,000 were  
recorded in purchases book.

B. Credit Purchases from Rohan 9,000

were recorded in sales book.

C. Goods returned to Rakesh 4,000 were

recorded in the sales return book

D. Goods returned from Mahesh 1,000

were recorded in purchases return book

**Answer:**



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## 6. Rectify the following errors

A. Sales book overcast by 700

B. Purchases book overcast by 500.

C. Sales return book overcast by 300.

D. Purchase return book overcast by 200.

**Answer:**



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## 7. Rectify the following errors

A. Sales book undercast by 300.

B. Purchases book undercast by 400.

C. Return Inwards book undercast by 200.

D. Return outwards book undercast by  
100.

**Answer:**



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

(a) Credit sales to Mohan 7,000 were not posted.

(b) Credit purchases from Rohan 9,000 were not posted.

(c) Goods returned to Rakesh 4,000 were not posted.

(d) Goods returned from Mahesh 1,000 were not posted.

(e) Cash paid to Ganesh 3,000 was not

posted.

(f) Cash sales 2,000 were not posted.



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

(a) Credit sales to Mohan 7,000 were posted as 9,000.

(b) Credit purchases from Rohan 9,000 were posted as 6,000.

(c) Goods returned to Rakesh 4,000 were posted as 5,000.

(d) Goods returned from Mahesh 1,000 were posted as 3,000.

(e) Cash sales 2,000 were posted as 200.



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**10.** Rectify the following errors:

(a) Credit sales to Mohan 7,000 were posted to Karan.

(b) Credit purchases from Rohan 9,000 were



posted to Gobind.

(c) Goods returned to Rakesh 4,000 were posted to Naresh.

(d) Goods returned from Mahesh 1,000 were posted to Manish.

(e) Cash sales 2,000 were posted to commission account.



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**11.** Rectify the following errors assuming that a suspense account was opened. Ascertain the

difference in trial balance.

(a) Credit sales to Mohan 7,000 were posted to the credit of his account.

(b) Credit purchases from Rohan 9,000 were posted to the debit of his account as 6,000.

(c) Goods returned to Rakesh 4,000 were posted to the credit of his account.

(d) Goods returned from Mahesh 1,000 were posted to the debit of his account as 2,000.

(e) Cash sales 2,000 were posted to the debit of sales account as 5,000.



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

(a) Credit sales to Mohan 7,000 were posted to Karan as 5,000.

(b) Credit purchases from Rohan 9,000 were posted to the debit of Gobind as 10,000.

(c) Goods returned to Rakesh 4,000 were posted to the credit of Naresh as 3,000.

(d) Goods returned from Mahesh 1,000 were posted to the debit of Manish as 2,000.

(e) Cash sales 2,000 were posted to commission account as 200.



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

(a) Credit sales to Mohan 7,000 were recorded in Purchase Book. However, Mohan's account was correctly debited.

(b) Credit purchases from Rohan 9,000 were

recorded in sales book. However, Rohan's account was correctly credited.

(c) Goods returned to Rakesh 4,000 were recorded in sales return book. However, Rakesh's account was correctly debited.

(d) Goods returned from Mahesh 1,000 were recorded through purchases return book. However, Mahesh's account was correctly credited.

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



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**14. Rectify the following errors :**

(a) Furniture purchased for 10,000 wrongly debited to purchases account.

(b) Machinery purchased on credit from Raman for 20,000 was recorded through purchases book.

(c) Repairs on machinery 1,400 debited to machinery account.

(d) Repairs on overhauling of secondhand machinery purchased 2,000 was debited to Repairs account.

(e) Sale of old machinery at book value of 3,000 was credited to sales account.



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

(a) Furniture purchased for 10,000 wrongly debited to purchase account as 4,000.

(b) Machinery purchased on credit from Raman for 20,000 recorded through Purchases

Book as 6,000.

(c) Repairs on machinery 1,400 debited to Machinery account as 2,400.

(d) Repairs on overhauling of second hand machinery purchased 2,000 was debited to Repairs account as 200.

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



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**16.** Rectify the following errors :

(a) Depreciation provided on machinery 4,000 was not posted.

(b) Bad debts written off 5,000 were not posted.

(c) Discount allowed to a debtor 100 on receiving cash from him was not posted.

(d) Discount allowed to a debtor 100 on receiving cash from him was not posted to discount account.

(e) Bill receivable for 2,000 received from a debtor was not posted.



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**17.** Rectify the following errors :

(a) Depreciation provided on machinery 4,000 was posted as 400.

(b) Bad debts written off 5,000 were posted as 6,000. (c)

Discount allowed to a debtor 100 on receiving cash from him was posted as 60.

(d) Goods withdrawn by proprietor for personal use 800 were posted as 300.

(e) Bill receivable for 2,000 received from a debtor was posted as 3,000.



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

(a) Depreciation provided on machinery 4,000 was not posted to Depreciation account.

(b) Bad debts written-off 5,000 were not posted to Debtors account.

(c) Discount allowed to a debtor 100 on receiving cash from him was not posted to discount allowed account.

(d) Goods withdrawn by proprietor for personal use 800 were not posted to Drawings account.

(e) Bill receivable for 2,000 received from a debtor was not posted to Bills receivable account.



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**19.** 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

(a) Cash received from Ravish 8,000 posted to his account as 6,000.

(b) Returns inwards book overcast by 1,000.

(c) Total of sales book 10,000 was not posted to Sales account.

(d) Credit purchases from Nanak 7,000 were recorded in sales Book. However, Nanak's account was correctly credited.

(e) Machinery purchased for 10,000 was posted to purchases account as 5,000. Rectify the errors and prepare suspense account.



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**20.** Trial balance of Raju showed an excess debit of 10,000. He put the difference to suspense account and discovered the following errors :

(a) Depreciation written-off the furniture 6,000 was not posted to Furniture account.

(b) Credit sales to Rupam 10,000 were recorded as 7,000.

(c) Purchases book undercast by 2,000.

(d) Cash sales to Rana 5,000 were not posted.

(e) Old Machinery sold for 7,000 was credited to sales account.

(f) Discount received 800 from Kanan on playing cash to him was not posted. Rectify the errors and prepare suspense account.



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

(a) Sales return book overcast by 800.

(b) Purchases return to Sahu 2,000 were not posted.

(c) Goods purchased on credit from Narula 4,000 though taken into stock, but no entry was passed in the books.

(d) Installation charges on new machinery purchased 500 were debited to sundry expenses account as 50.



(e) 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.



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**22.** 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:

(a) Cash received from Rajat 5,000 was posted to the debit of Kamal as 6,0000.

(b) Salaries paid to an employee 2,000 were debited to his personal account as 1200.

(c) Goods withdrawn by proprietor for personal use 1,000 were credited to sales account as 1,600.

(d) Depreciation provided on machinery 3,000 was posted to Machinery account as 300.

(e) Sale of old car for 10,000 was credited to sales account as 6,000. Rectify the errors and prepare suspense account.



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

(a) Goods distributed as free sample 5,000 were not recorded in the books.

(b) Goods withdrawn for personal use by the proprietor 2,000 were not recorded in the books.

(c) Bill receivable received from a debtor 6,000 was not posted to his account.

(d) Total of Returns inwards book 1,200 was posted to Returns outwards account.

(e) Discount allowed to Reema 700 on receiving cash from her was recorded in the books as 70.



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

(a) Credit sales to Manas 16,000 were recorded

in the purchases book as 10,000 and posted to the debit of Manas as 1,000.

(b) Furniture purchased from Noor 6,000 was recorded through purchases book as 5,000 and posted to the debit of Noor 2,000.

(c) Goods returned to Rai 3,000 recorded through the Sales book as 1,000.

(d) Old machinery sold for 2,000 to Maneesh recorded through sales book as 1,800 and posted to the credit of Manish as 1,200.

(e) Total of Returns inwards book 2,800 posted to Purchase account. Rectify the above errors

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



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

(a) In the sales book for the month of January total of page 2 was carried forward to page 3 as 1,000 instead of 1200 and total of page 6 was carried forward to page 7 as 5,600 instead

of 5,000.

(b) Wages paid for installation of machinery 500 was posted to wages account as 50.

(c) Machinery purchased from R & Co. for 10,000 on credit was entered in Purchase Book as 6,000 and posted there from to R & Co. as 1,000.

(d) Credit sales to Mohan 5,000 were recorded in Purchases Book.

(e) Goods returned to Ram 1,000 were recorded in Sales Book.

(f) Credit purchases from S & Co. for 6,000 were recorded in sales book. However, S & Co.

was correctly credited.

(g) Credit purchases from M & Co. 6,000 were recorded in Sales Book as 2,000 and posted there from to the credit of M & Co. as 1,000.

(h) Credit sales to Raman 4,000 posted to the credit of Raghvan as 1,000.

(i) Bill receivable for 1,600 from Noor was dishonoured and posted to debit of Allowances account.

(j) Cash paid to Mani 5,000 against our acceptance was debited to Manu.

(k) Old furniture sold for 3,000 was posted to Sales account as 1,000. (l) Depreciation



provided on furniture 800 was not posted.

(m) Material 10,000 and wages 3,000 were used for construction of building. No adjustment was made in the books. Rectify the errors and prepare suspense to ascertain the difference in trial balance.



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**Test Your Understanding I**

1. Indicate against each amount whether it is a debit or a credit balance, and prepare a trial balance as at March 31, 2014 based on the following balances

<i>Accounts Title</i>	<i>Amount</i>
Capital	₹ 1,00,000
Drawings	16,000
Machinery	20,000
Sales	2,00,000
Purchases	2,10,000
Sales return	20,000
Purchases return	30,000
Wages	40,000
Goodwill	60,000
Interest received	15,000
Discount allowed	6,000
Bank overdraft	22,000
Bank loan	90,000
Debtors :	
Nathu	55,000
Roopa	20,000
Creditors :	
Reena	35,000
Ganesh	25,000
Cash	54,000
Stock on April 01, 2013	16,000



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## Test Your Understanding II

1. Record the rectification entry for the following transactions: 1. Credit sales to Rajni 5,000 recorded in Purchases book:

This is an error of ..... State

The wrong entry recorded in the book of accounts



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# Test Your Understanding Iii

## 1. Show the effect through Journal entries:

**Test Your Understanding - III**

Show the effect through Journal entries:

1. Credit sales to Mohan ₹ 10,000 were posted to his account as ₹ 12,000  
This is an error of .....  
The wrong effect has been:


The correct effect should have been:


The rectification entry will be.


2. Cash paid to Neha ₹ 2,000 was not posted to her account. This is an error of .....  
The wrong effect has been:


The correct effect should have been:


The rectification entry will be:


3. Sales returns from Megha ₹ 1,600 were posted to her account as ₹ 1,000.  
This is an error of .....  
The wrong effect has been:


The correct effect should have been:


The rectification entry will be:


4. Depreciation written off on furniture ₹ 1,500 was not posted to depreciation account. This is an error of .....  
The wrong effect has been:


The correct effect should have been:


The rectification entry:




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Test Your Understanding IV

1. Trial balance is affected by:

1) One sided errors only.

2) Two sided errors only.

3) Both (a) and (b)

4) None of the above

A. One sided errors only.

B. Two sided errors only.

C. Both (a) and (b)

D. None of the above.

**Answer:**



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2. Which of the following is not an error of principle:

1) Purchase of furniture debited to purchases account.

2) Repairs on the overhauling of second hand machinery purchased debited to repairs account.

3) Cash received from Manoj posted to Saroj.

4) Sale of old car credited to sales account.

A. Purchase of furniture debited to purchases account.

B. Repairs on the overhauling of second hand machinery purchased debited to repairs account.

C. Cash received from Manoj posted to Saroj.

D. Sale of old car credited to sales account.

**Answer:**



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3. Which of the following is not an error of commission?

1) Overcasting of sales book.

2) Credit sales to Ramesh 5,000 credited to his account.

3) Wrong balancing of machinery account.

4) Cash sales not recorded in cash book.

A. Overcasting of sales book.

B. Credit sales to Ramesh 5,000 credited to his account.

C. Wrong balancing of machinery account.

D. Cash sales not recorded in cash book.

**Answer:**



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**4.** Which of following errors will be rectified through suspense account:

- 1) Sales return book undercast by 1,000.
- 2) Sales return by Madhu 1,000 not recorded.
- 3) Sales return by Madhu Rs 1,000. recorded as

100.

4) Sales return by Madhu 1,000 recorded through purchases returns book

A. Sales return book undercast by 1,000.

B. Sales return by Madhu 1,000 not recorded.

C. Sales return by Madhu Rs 1,000. recorded as 100.

D. Sales return by Madhu 1,000 recorded through purchases returns book

**Answer:**



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5. There is no error in the books.

A. There is no error in the books.

B. There may be two sided errors in the  
book.

C. There may be one sided error in the  
books.

D. There may be both two sided and one sided errors in the books.

**Answer:**



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6. If suspense account does not balance off even after rectification of errors it implies that

1) There are some one sided errors only in the books yet to be located.

2) There are no more errors yet to be located.

3) There are some two sided errors only yet to be located.

4) There may be both one sided errors and two sided errors yet to be located.

A. There are some one sided errors only in the books yet to be located.

B. There are no more errors yet to be located.

C. There are some two sided errors only yet to be located.

D. There may be both one sided errors and two sided errors yet to be located.

**Answer:**



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7. If wages paid for installation of new machinery is debited to wages Account, it is:

- 1) An error of commission.
- 2) An error of principle

3) A compensating error.

4) An error of omission

A. An error of commission.

B. An error of principle

C. A compensating error.

D. An error of omission.

**Answer:**



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**8. Trial balance is:**

- 1) An account
- 2) A Statement
- 3) A Subsidiary Book
- 4) A principal Book

A. An account

B. A statement.

C. A subsidiary book.

D. A principal book.

**Answer:**



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**9. Trial balance is prepared:-**

- 1) After preparation financial statement.
- 2) After recording transactions in subsidiary books
- 3) After posting to ledger is complete.
- 4) After posting to ledger is complete and accounts have been balanced,

**A. After preparation financial statement.**

B. After recording transactions in

subsidiary books

C. After posting to ledger is complete.

D. After posting to ledger is complete and  
accounts have been balanced,

**Answer:**



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**Short Answer**

1. State the meaning of a trial balance?



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2. Give two examples of errors of principle?



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3. Give two examples of errors of commission?



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4. What are the methods of preparing trial balance?



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



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6. What is a suspense account? Is it necessary that a 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?



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



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**8.** State the limitations of trial balance?



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**Long**

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



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2. Explain errors of principle and give two examples with measures to rectify them



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



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4. What are the different types of errors that are usually committed in recording business transaction



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5. 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 15,600 on the trial balance.

However, you have figured out that a correctly recorded credit purchase of pendrive for 3,500 was posted from the journal to the ledger with a 3,500 debit to Office Equipment and another 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 2,40,000 before correcting the error, what is the total of credit column.



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