



ACCOUNTS

BOOKS - ARYA ACCOUNTS (HINGLISH)

TRIAL BALANCE AND ERRORS

Illustration

1. Given below is a Cash Book and Ledger extracts from the books of Shekhar Bros. as no 30th April 2015 :



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2. Prepare a Trial Balance from the following balances of Sh. Keshav Chand Gopal Chand as at 31st March. 2018 :-



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3. From the following list of balances extracted from the books of Sh. Balaji Traders, prepare a Trial Balance as at 31st March, 2018 :



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4. From the following list of balances extracted from the books of R. Dravid & Sons, prepare a Trial Balance as at 31st March, 2017. The amount required to balance should be entered as capital.



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5. The following trial Balance has been prepared by an inexperienced accountant. Redraft it in a correct form :-



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6. Following is the Trial Balance of Narayanan Stores as at 31st March, 2015 :



Following transactions were entered into but were not recorded in the books of account :

- (i) Goods worth Rs. 15,000 were purchased on credit.
- (ii) Received a cheque of Rs. 24,000 from a Debtor in full settlement of his account of Rs. 25,000.
- (iii) Goods amounting to Rs. 3,000 were returned by a customer.
- (iv) paid Rent for the month Rs. 8,000 by cheque.

Required :

(i) Pass Journal entries for the above mentioned transactions and post them into the Ledger.

Redraft the Trial Balance.

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7. The following is the trial balance prepared by an inexperienced accountant. Redraft it in a correct form and give necessary notes :-



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8. The following trial balance has been prepared by an incompetent person. Draw up a correct trial balance :



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Short Answer Questions

1. What is Trial balance ? State any four functions of a Trial balance.

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2. Trial balance is a link between ledger and final accounts.

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3. "Is Trial balance merely a proof of Arithmetical accuracy" ? Explain the errors which are not disclosed by a Trial balance.

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4. Give two examples of compensating errors.



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5. What is meant by error of omission ? Given any one example.



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6. What is error of principle? Given two examples.



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7. Name four errors which cannot be disclosed by preparing a Trial balance.



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8. What is a suspense account ? When is it opened ?



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9. On which side of the trial balance, the following ledger balances will

appear :-

I. Purchases Return	II. Furniture
III. Bank loan	IV. Discount allowed
V. Capital	VI Drawings
VII. Return Inwards	VIII. Bills Receivable



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10. State whether the balance of the following accounts should be placed

in the debit (or) the credit columns of the trial balance:

- | | |
|-------------------------|-----------------------|
| (i) Plant and Machinery | (ii) Discount allowed |
| (iii) Bank overdraft | (iv) Sales |
| (v) Interest Paid | (vi) Bad Debts |



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11. State whether the following accounts will indicate a debit or credit

balance :

((i) Drawings, (ii) Advance Rent Received), ((iii)Bad Overdraft, (iv)Sales



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12. Classify the under-mentioned error into :-

(a) Error of omission, (b) Error of commission, (c) Compensating error, and (d) Error of principle :-

(I) Purchased goods from Bhardwaj on credit for Rs. 600, but were recorded in the purchase book as Rs. 6,000.

(II) Amount paid for the proprietor's life insurance premium was debited to 'General Expense Account'.

(III) Goods amounting to Rs. 2,000 have been returned to Chakravarti, but no entry has been made in the books.

(IV) An excess debit of Rs. 4,500 has been made in account of X, whereas Y's account has been credited by Rs. 5,000 instead of Rs. 500.

(V) Goods sold to Suresh for Rs. 650 were recorded as Rs. 560 in the sales book.

(VI) Typewriter purchased for office use has been debited to purchases account.

(VII) Wages paid for the construction of building Rs. 15,000 were recorded in 'Wages account'.

(VIII) Goods for Rs. 500 have been taken by the proprietor for his personal use, for which no entry has been passed in the books.

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13. Which of the following errors will affect the trial balance ?

- (i) The total of the sales books has not been posted to the sales account.
- (ii) Rs. 1,000 paid as installation charges of a new machine has been debited to Repairs account.
- (iii) Goods costing Rs. 4,000 taken by the proprietor for personal use have been debited to Debtors account.
- (iv) 1,000 paid for repairs to building have been debited to building account.

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14. What is Trial balance ? Does the balancing of this ensure accuracy of books of accounts.



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Objective Type Questions Choose The Best Alternate

1. Which of the following errors is revealed by the Trial Balance :

Option1 Wrong amount entered into the book of original entry

Option2 Wrong amount posted in the ledger account

Option3 Complete omission of an entry from the books of original entry

Option4 When accounting principle is violated while recording a transaction in the books of account

A. Wrong amount entered into the book of original entry

B. Wrong amount posted in the ledger account

C. Complete omission of an entry from the books of original entry

D. When accounting principle is violated while recording a transaction
in the books of account

Answer: B



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2. Which item shows a debit balance in the Trial Balance ?

Option1 Purchase Return

Option2 Salary outstanding

Option3 Sales

Option4 Prepaid Expense

A. Purchase Return

B. Salary outstanding

C. Sales

D. Prepaid Expense

Answer: D



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

Option1 A sale of Rs. 560 not recorded in books at all.

Option2 Rent paid to landlord was posted to Landlord's account

Option3 A purchase of Rs. 840 was wrongly posted to sales account

Option4 Instead of crediting Shyam credited the other creditor Sham.

A. A sale of Rs. 560 not recorded in books at all.

B. Rent paid to landlord was posted to Landlord's account

C. A purchase of Rs. 840 was wrongly posted to sales account

D. Instead of crediting Shyam credited the other creditor Sham.

Answer: A



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4. Which of the following error will not affect the trial balance

:Option1 Wrong balancing of an account

Option2 Wrong totalling of an account

Option3 Omission of an account from the trial balance

Option4 Writing an amount in the wrong account but on the correct side.

- A. Wrong balancing of an account
- B. Wrong totalling of an account
- C. Omission of an account from the trial balance
- D. Writing an amount in the wrong account but on the correct side.

Answer: D



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5. Rs. 10,000 received from Apoorva is credited in the account of Prachi. It is an error of

- A. Principle
- B. Omission
- C. Commission

D. Compensatory

Answer: C



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6. Which of the following is the error of principle ?

Option1 The purchase book was overcasted by Rs. 500

Option2 Credit sale to Arun Rs. 700 recorded as purchase from Arun

Option3 Goods returned to Charu Rs. 4,000, posted in Chinoo's A/C

Option4 Wages paid for installation of machinery debited to Wages A/C

A. The purchase book was overcasted by Rs. 500

B. Credit sale to Arun Rs. 700 recorded as purchase from Arun

C. Goods returned to Charu Rs. 4,000, posted in Chinoo's A/C

D. Wages paid for installation of machinery debited to Wages A/C

Answer: D



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7. A machine is purchased for Rs. 10,000 which was wrongly recorded in purchase account. Due to this error

- A. Trial balance will show difference of Rs. 10,000
- B. Trial balance will not show any difference
- C. Trial balance will show the difference of Rs. 20,000
- D. Trial balance will show a difference of Rs. 5,000

Answer: B



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Very Short Answer Questions

1. What is Trial balance ?



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2. Give two objectives of preparing a Trial Balance.

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3. Is a trial balance conclusive proof of the accuracy of the books of accounts ?

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4. Name two errors which cannot be disclosed by preparing a Trial Balance.

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5. What are error of Omission ?

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6. Give one example of error of Omission.

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7. What are error of Commission.

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8. Give one example of error of Commission.

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9. Whar are Compensating Errors?

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10. Give one example of Compensating error.



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11. What are error of principle ?



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12. Give an example of error of principle.



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13. Salary of Rs. 2,100 paid was posted as Rs. 2,000 in Salary A/c and Advertisement of Rs. 7,700 was posted as Rs. 7,800. Identify the type of error.



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14. Name the error committed by violating the rules of Accounting.

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Practical Questions

1. Given below is a cash book and ledger extracts relating to the books of M/s Ram Chander & Sons as at 31st January 2015. You are required to prepare a Trial Balance



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2. From the following balance, taken from the books M/s Dwarka Prashad & Sons as at 31st March 2017, prepare a trial balance in proper form :-



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3. Prepare a Trial Balance from the following balances as at 31st March.

2017 :-



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4. Prepare a Trial balance from the following balalces taken as at 31st

March 2017 :-



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5. Following balances were extracted from the books of Ravinder

Associates as at 31st March 2017 :



You are required to prepare the trial balance treating the difference as his capital.



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6. The following trial Balance has been prepared by an inexperienced accountant. Redraft it in a correct form :-



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7. Following is the Trial balance as at 31st March, 2015 :



Having prepared the Trial balance, it was discovered that following transactions remained unrecorded :

- (i) Goods were sold on credit amounting to Rs. 40,000.
- (ii) Paid to creditors Rs. 22,000 by cheque.
- (iii) Goods worth Rs. 7,000 were returned to a supplier.
- (iv) Paid salary Rs. 15,000 by cheque.

Required :

- (i) pass Journal entries for the above mentioned transactions and post

them into Ledger.

(ii) Redraft the Trial Balance.

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8. The following is the trial balance prepared by an inexperienced accountant. Redraft it in a correct form and give necessary notes :-



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9. A book-keeper extracted the following Trial balance as at 31st March 2017 :



you are required to redraft the trial balance correctly.

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10. From the following ledger balances prepare trial balance :

Capital Rs. 20,800, Rent outstanding Rs. 1,420, Amount due to Param, Rs. 15,000, Drawing Rs. 2,800, Goodwill Rs. 12,000, interest received Rs. 2,000, Discount received Rs. 1,580, Amount due from Deepan Rs. 26,000.

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Higher Order Thinking Skills Hots Questions

1. What is the reason for agreement of Trial Balance ?

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2. What will be the effect on Trial Balance if a purchase return of Rs. 5,000 has been wrongly posted to the debit of Sales Return Account but correctly entered in the Customer's Account ?

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3. If the credit side of Trial Balance falls short by Rs. 1,000, what will be its treatment ?

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4. What will be the effect on Trial Balance if Rs. 5,000 received as rent and correctly entered in the cash are not posted to Rent Account ?

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5. Trial Balance is an account. Do you agree ?

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6. When closing stock appears in the Trial Balance ?

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7. Is Trial Balance a part of Double Entry system ?



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8. Is Trial Balance a part of Double Entry system ?



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9. Are there any accounts which are not considered while preparing Trial Balance by Balance Method ?



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