

8. RECTIFICATION OF ERRORS

Q. 1. Answer in one sentence.

1) What is meant by Rectification of Errors?

Ans. From the book of accounts, when errors are identified (to confirm accuracy in the books of accounts) and entries are passed to rectify that errors, it is known as rectification of errors.

2) What is meant by Error of Principle?

Ans. In the books of accounts when transactions are recorded without following the accounting principles and/or rules, is known as error of principle.

3) What is meant by Error of Partial Omission?

Ans. When a transaction to be recorded in the books of account is partially omitted and due to which trial balance does not get tallied, it is known as error of partial omission:

4) What is meant by Error of Complete Omission?

Ans. When a transaction to be recorded in the books of accounts is completely omitted and due to which agreement of trial balance does not affect, it is known as error of complete omission.

5) What are Compensating Errors?

Ans. When two or more errors, identified from books of accounts are in such a way that the net effect of these errors, on the debit and on the credit sides of accounts is nil, such errors are known as compensating errors.

Q. 2. Give one word/term or phrase for each of the following statements.

Statement	Ans.
(1) Errors which affect the agreement of Trial Balance.	One sided errors
(2) Taking the total more while closing books of accounts.	Overcasting.
(3) Error which arises when a transaction is partially or	Error of omissions

completely omitted to be recorded in the books of accounts.	
(4) Transactions recorded due to violating of the accounting principles.	Error of principle
(5) Accounts to which difference in Trial Balance is transferred.	Suspense account
(6) Error in which the effect of one mistake is nullified by another mistake.	Compensating Error
(7) Error which are not disclosed by the Trial Balance.	Two sided errors
(8) Errors of incorrect entries or wrong posting.	Error of commission

Q. 3. Select the most appropriate alternative from the alternatives given below and write the sentence:

- 1) Rectification entries are passed in **journal proper**.
- 2) The type of error for which journal entry is always required for rectification **two sided error**.
- 3) Errors occurred due to wrong posting are called as errors of **commission**.
- 4) If transaction is totally omitted from the books, it is called **Error of Omission**.
- 5) Suspense Account is opened when **Trial Balance** does not tally.

Q.4. State whether the following statements are True or False with reasons.

- 1) Trial balance is prepared from the balance of Ledger Account.

Ans. This statement is True.

Basic aim of preparing a trial balance is to check arithmetic accuracy of transactions recorded in a journal, posting them into the ledger and balancing of the ledger accounts.

- 2) A trial balance can agree in spite of certain errors.

Ans. This statement is True.

Certain errors, like Error of Complete omission, Error of principle or

Compensating error, due to which a trial balance can agree because there are two sided errors.

3) Rectification entries are passed in cash book.

Ans. This statement is False.

In a special subsidiary book known as journal proper, rectification entries are to be passed.

4) There is no need to open a Suspense Account if the trial balance agrees.

Ans. This statement is True.

When the trial balance agrees, it means debit side total is equal to the credit side total of balances of Ledger accounts. So, we can say that there is no need to open a Suspense Account, if the trial balance agrees.

5) All the errors can be rectified only through Suspense Account.

Ans. This statement is False.

When the debit side total is not equal to the credit side total of balances of ledger accounts, one side errors are identified and its rectification is completed through suspense account. So, we can say that all the errors can't be rectified only through suspense account.

Q. 5. Do you agree or disagree with the following statements.

1) The unintentional omission or commission of amounts and accounts while recording the transactions are known as an error.

Ans. Agree

2) The errors committed due to wrong recording, wrong posting, wrong totaling, wrong balancing, wrong calculations are known as Arithmetical errors.

Ans. Disagree.

3) When one or more debit errors happen to equal one or more credit errors it is s Compensating error.

Ans. Agree.

4) The agreement of Trial balance is not affected when a transaction is not recorded at all in the original Books.

Ans. Agree.

5) When a transaction is not recorded according to the principles of accounting it is known as Compensating errors.

Ans. Disagree.

Q.6. Complete the following sentence.

- 1) **Accuracy** is assured only when there are no errors in the books of accounts.
- 2) Transactions recorded in contravention of the accounting principles are known as

Errors of Principle.

- 3) **Rectifying** entry depends generally on when the error is detected.
- 4) Temporary account opened to rectify the entry is known as **Suspense Account.**
- 5) Errors are caused due to **wrong** recording of transactions.