

Chapter - 6

Trial Balance and Rectification of Errors

Section-A: One Mark Questions:

I: Fill in the blanks:-

1. The Trial balance is usually prepared with the _____ of account.
2. Trial balance is prepared at the _____ of the accounting year.
3. Trial balance is a list of _____ and its balances.
4. When a transaction is completely omitted from recording in the books of original records it is an error of _____.
5. Accounting entries are not recorded as per the generally accepted accounting principles is known as error of _____.
6. When two or more errors are committed in such a way that the net effect of these errors on the debit and credit of account is nil, such errors are called _____ errors.
7. Capital account balance is a _____ balance.
8. Drawings account balance is a _____ balance.
9. Assets account balances are _____ balance.
10. Liabilities account balances are _____ balance.
11. Expenses account balances are _____ balance.
12. Incomes account balances are _____ balance.

II: Multiple Choice Questions:-

1. Agreement of trial balance is affected by:
(a) One sided errors only.
(b) Two sided errors only.
(c) Both a and b.
(d) None of the above.
2. Which of the following is not an error of Principle:
(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.
3. Which of the following is not an error of commission:
(a) Over casting of sales book.
(b) Credit sales to Ramesh Rs.5000 credited to his account.
(c) Wrong balancing of machinery account.
(d) Cash sales not recorded in cash book

4. Which of the following errors will be rectified through suspense account:
- (a) Sales return book was under cast by Rs.1,000.
 - (b) Sales return by Madhu Rs.1,000 not recorded .
 - (c) Sales return by Madhu Rs.1,000 recorded as Rs.100.
 - (d) Sales return by Madhu Rs.1,000 recorded through purchases returns book.
5. If the trial balance agrees, it implies that:
- (a) There is no error in the books.
 - (b) There may be two sided errors in the books.
 - (c) There may be one sided errors in the books.
 - (d) There may be both two sided and one sided errors in the books.
6. If the suspense account does not balance even after rectification of errors it implies that:
- (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.
7. If Wages paid for installation of new machinery is debited to wages account, If it is:
- (a) An error of commission. (b) An error of principle.
 - (c) A compensating error. (d) An error of omission.
8. Trial balance is:
- (a) An account. (b) A statement.
 - (c) A subsidiary book. (d) A principal book.
9. A trial balance is prepared:
- (a) After preparation of financial statements.
 - (b) After recording transactions in subsidiary books.
 - (c) After posting to the ledger is completed.
 - (d) After posting to ledger is completed and accounts have been balanced.
10. Object of preparing trial balance is:
- a) To know the accuracy of account.
 - b) To know the financial position of the business.
 - c) To know the profit or loss.
 - d) To know the arithmetical accuracy of books of accounts.

III: True or False:-

1. Trial Balance is a list of balances of all ledger accounts on a particular date.
2. Trial balance is a part of book-keeping.
3. Trial balance is just a statement and not an account.
4. Object of preparing the trial balance is to know profit or loss of the business.
5. The difference of trial balance is transferred to capital account.
6. Generally trial balance does not include the closing stock.
7. When one error compensate the other mistakes it is called error of principle.
8. Error of omission affects the agreement of Trial balance.
9. Compensating error does not affect the totals of Trial balance.
10. Trial Balance cannot trace the error of principle.
11. Preparation of trial balance is compulsory.
12. Trial Balance is a statement.
13. The balance of capital account is shown in the debit column of the Trial Balance
14. Liabilities are always shown on the credit column of Trial Balance.

IV: Very Short Answer Questions:-

1. State one objective of Trial Balance.
2. Name one method of preparing the Trial Balance.
3. State any one type of error.
4. Give an example for error of commission.
5. Give an example for error of omission.
6. Give an example for error of principle.
7. Give an example for compensating errors.
8. Give an example for error which affects the trial balance.
9. Give an example for error which does not affects the trial balance.

Section-B:Short Answer Questions for Two marks:-

- 1) What is trial balance?
- 2) State two objectives of trial balance.
- 3) Name any two methods of preparing the trial balance.
- 4) State any two types of errors.
- 5) Give the meaning of 'balances method' of preparing the trial balance.
- 6) State any two steps in the preparation of trial balance.
- 7) What is an error of omission?
- 8) Give any two examples for errors of omission.

- 9) What is an error of commission?
- 10) Give any two examples for errors of commission.
- 11) What is an error of principle?
- 12) Give any two examples for error of principle.
- 13) What is compensating error?
- 14) Give any two examples for compensating error.
- 15) What do you mean by rectification of errors?
- 16) Give two examples for errors which are affecting the trial balance.
- 17) Give two examples for errors which do not affect the Trial Balance.
- 18) What is a suspense account?
- 19) When a suspense account is opened?

Section-C: Six marks Questions/Short problems

Preparation of Trial Balance:

- 1) Prepare a trial balance from the following particulars as on 31-03-2016:-

Capital	Rs.25,000
Bills Payable	Rs. 1,850
Bills Receivable	Rs. 4,400
Stock on 1.4.2015	Rs. 8,500
Furniture	Rs. 2,600
Purchases	Rs. 8,950
Sales	Rs. 22,500
Discount Received	Rs. 970
Carriage	Rs. 300
Cash at Bank	Rs. 25,570

(Ans. Total Rs.50,320)

- 2) Mr. Ganesh's ledger shows the following balances, Prepare a Trial balance using balances method.

Sl.No.	NAME OF ACCOUNTS	RS.
1	Mohan's capital account	50,000
2	Manu's Account (credit)	40,000
3	Machinery Account	17,000
4	Ravi's Account (Debit)	15,000
5	Sales Account	60,000
6	Wages Account	5,000
7	Purchases Account	76,000
8	Cash Account	41,000
9	Debtors	10,500
10	Creditors	14,500

(Ans: Total Rs.1,64,500)

- 3) From the following particulars given below Prepare a Trial Balance as on 31-03-2017

Sl.NO	Particulars	Balance Rs.
1	Purchases	95,000
2	Sales	1,36,000
3	Bank loan	20,000
4	Machinery	50,000
5	Cash	46,000
6	Capital	1,00,000
7	Debtors	80,000
8	Creditors	17,000
9	Bills receivable	4,000
10	Bills payable	2,000

(Ans: Total Rs. 2,75,00)

- 4) Prepare a Trial balance from the following balances relating to Mrs.Sridevi as on 31-03-2017:

Sl. No	Particulars	Balance(Rs)
1	Mrs.Sridevi 's Capital	1,45,000
2	Stock of goods	70,000
3	Motor car	1,20,000
4	Bad debts	7,000
5	Sales	2,00,000
6	Cash at bank	90,000
7	Cash in hand	12,000
8	Rent	35,000
9	Discount allowed	4,000
10	Carriage	15,000

(Ans: Total Rs.3,49,000)

- 5) Prepare a trial balance from the following ledger balance extracted from the books of Mr. Harsha Traders , Tumakuru as on 31-03-2017.

Sl. No	Particulars	Balance(Rs)
1	Opening stock	18,000
2	Capital	4,72,000
3	Buildings	46,000
4	Plant	33,860
5	Carriages	2,000
6	Sales	3,60,000
7	Purchases	3,08,600
8	Sales returns	3,640
9	Machinery	4,21,880
10	Interest Received	1,980

(Ans: Total Rs.8,33,980)

- 6) From the following ledger balances of Mrs. Arpitha, prepare Trial balance as on 31-03-2017

Sl. No	Particulars	Balance(Rs)
1	Stock (01-04-2016)	15,000
2	Purchases	30,000
3	Sales	40,000
4	Capital	45,000
5	Drawings	10,000
6	Debtors	18,000
7	Creditors	10,000
8	Investments	15,000
9	Legal Charges	2,000
10	Cash in hand	5,000
(Ans: Total Rs.95,000)		

- 7) From the following particulars of Mr. Arjun, prepare Trial balance as on 31-03-2017:

Sl. No.	Particulars	Balance(Rs)
1	Capital	2,33,000
2	Stock of goods	60,000
3	Motor Car	89,000
4	Discount received	4,000
5	Sales	4,00,000
6	Cash at Bank	46,000
7	Rent paid	40,000
8	Wages	97,000
9	Purchases	3,50,000
10	Trade Creditors	45,000
(Ans: Total Rs.6,82,000)		

- 8) From the following particulars of Mr. Mallik, prepare Trial balance as on 31-03-2017:

Sl.No.	Particulars	Balance(Rs)
1	Mallik's Capital	4,00,000
2	Mallik's Drawings	20,000
3	Land and Building	3,79,500
4	Stock on 01-04-2016	1,25,000
5	Sundry Debtors	22,000
6	Sundry Creditors	27,500
7	Purchases	2,37,000
8	Sales	3,84,000
9	Carriage inwards	2,000
10	Postage and Telephone	26,000
(Ans: Total Rs.8,11,500)		

- 9) From the following particulars of Mr.Amith, prepare Trial balance as on 31-03-2017:

Sl.No.	Particulars	Balance(Rs)
1	Opening stock	24,520
2	Capital	4,72,000
3	Buildings	81,440
4	Sales	3,60,000
5	Purchases	3,64,600
6	Sales return	3,640
7	Machinery	3,72,300
8	Discount allowed	15,800
9	Loan from Manu	16,000
10	Bank overdraft	14,300
		(Ans: Total Rs.8,62,300)

10. From the following particulars of Mr.Purushotham, prepare Trial balance as on 31-03-2017:

Sl.No.	Particulars	Balance(Rs)
1	Mr.Purushotham 's Capital	15,16,000
2	Debtors	1,00,000
3	Purchases	5,00,000
4	Sales	6,00,000
5	Return inwards	4,000
6	Land and Buildings	12,60,000
7	Loan to employees	1,00,000
8	Interest received	18,000
9	Opening stock	1,20,000
10	Goodwill	50,000
		(Ans: Total Rs.21,34,000)

Rectification of Errors:

- 1) Rectify the following errors assuming that the errors detected after the difference in trial balance is placed to suspense account:
 - a) A credit purchase of Rs.2,000 from Mahesh has been debited to his account.
 - b) A sum of Rs.1,000 received from Vishnu has been credited to his account.
 - c) The total of sales return book has been overcast by Rs.1000.
 - d) A sum of Rs.800 paid to Krishna has been debited to his account as Rs.80.
 - e) A credit sale of Rs.4,000 to Anju has been credited to Anju's account.
 - f) Payment of rent of Rs. 2,500 has been posted twice to rent account.

2) Rectify the following errors:

- a) An amount of Rs.1,000 spent on repairs to machinery has been debited to machinery account.
- b) An amount of Rs.2,000 withdrawn by the proprietor has been debited to office expenses account.
- c) A sum of Rs.3,000 received from Radha has been credited to Sudha.
- d) An amount paid towards salary of Rs.4,000 has been debited to Rent account.
- e) Extension to building Rs.50,000 has been debited to repairs account.
- f) Furniture purchased for Rs. 10,000 has been debited to Purchases account.

3) Rectify the following errors :

- a) Salary paid Rs. 5,000 was debited to employee's personal account.
- b) Rent paid Rs. 4,000 was posted to landlord's personal account.
- c) Goods withdrawn by proprietor for personal use Rs.1,000 were debited to sundry expenses account.
- d) Cash received from Kohli Rs.2,000 was posted to Kapur's account.
- e) Cash paid to Babu Rs.1,500 was posted to Sabu's account.
- f) Credit sales to Mohan Rs. 7,000 were not recorded.

4) Rectify the following errors:

- a) Furniture purchased for Rs.10,000 wrongly debited to Purchases account.
- b) Machinery purchased on credit from Raman for Rs.20,000 was recorded through Purchases book.
- c) Repairs on Machinery Rs.1,400 debited to Machinery Account.
- d) Repairs on overhauling of secondhand machinery purchased Rs.2,000 was debited to Repairs Account.
- e) Sale of old machinery at book value of Rs.3,000 was credited to Sales Account.
- f) Credit purchases from Rohan Rs. 9,000 were not recorded.

5) Rectify the following errors:

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

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

c) Discount received from a customer was not posted for Rs.2,000. A debit of Rs.2,000 is also not recorded in the discount received account.

e) Goods returned to Rakesh Rs. 4,000 were not recorded.

6) Rectify the following sales errors to Mohan assuming Rs.7,000 that were the

errors recorded detected as Rs. 7,000. The difference in trial balance is placed to Suspense Account:

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

b) Credit Purchases from Rohan Rs.9,000 were recorded through Sales book.

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

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

e) Cash paid to Ganesh Rs.3,000 was not posted.

7) Trial balance of Raju showed an excess debit of Rs.10,000. He put the difference to Suspense Account and discovered the following errors.

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

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

c) Purchases book undercast by Rs.2,000.

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

e) Old machinery sold for Rs.7,000 was credited to Sales Account.

f) Discount received Rs.800 from Kanan on playing cash to him was not posted.

Rectify the above errors.

8) Trial balance of Anuj did not agree. It showed an excess credit of Rs.6,000. He put the difference to Suspense Account. He discovered the following errors.

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

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

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

d) Machinery purchased for Rs.10,000 was posted to purchases account as Rs.5,000

e) Credit purchases from Nayak Rs.7,000 were recorded in sales book. However, Nayak's account was correctly credited.

9) Rectify the following errors :

- a) Credit sales to Mohan Rs.7,000 were recorded in purchases book.
- b) Goods returned to Rakesh Rs.4,000 were recorded in the sales return book.
- c) Goods returned from Mahesh Rs. 1,000 were recorded in purchases returns book.
- d) Goods returned from Nahesh Rs. 2,000 were recorded in purchases book.
- e) Wages paid for installation of machinery Rs.5,000 was posted to wages account.

10) Rectify the following errors :

- a) Credit sales to Mohan Rs.7,000 were posted to Karan.
- b) Credit Purchases from Rohan Rs.9,000 were posted to Gobind.
- c) Goods returned to Rakesh Rs.4,000 were posted to Naresh.
- d) Goods returned from Mahesh Rs.1,000 were posted to Manish.
- e) Cash sales Rs.2,000 were posted to commission account.
- f) Cash received from Mandira Rs.5,000 was not entered.

Section-E: Practical Oriented Questions for Five Marks:-

Prepare Trial Balance with FIVE imaginary figures.

NOTE:

- 1. If 6 Marks problem is asked on Trial Balance, 1 and 2 marks questions should be asked on Rectification of Errors and vice versa.
- 2. If the POQ is asked on Trial Balance, then the problem on Trial Balance should not be asked for 6 Marks under section – C.