

CBSE Test Paper 01
Ch-8 Trial Balance & Rectification Errors

1. If the amount is posted in the wrong account or it is written on the wrong side of account, what error is it?
2. What do you understand by rectification of errors?
3. Give two examples of two-sided error.
4. Give one example of one-sided errors.
5. Discuss the balance method of preparing trial balance.
6. A book-keeper of a trading concern having failed to agree the trial balance, opened a suspense account and entered the difference in the trial balance.
The following errors were subsequently discovered
 - i. Goods sold to Manohar for Rs 550 was posted as Rs 5,500.
 - ii. Purchases return book was carried forward as Rs 1,220 instead of Rs 1,120.You are required to pass the journal entries for rectification of the above errors
7. Rectify the following errors
 - i. Depreciation provided on machinery Rs 4,000 was not posted.
 - ii. Bad debts written-off Rs 5,000 were not posted.
 - iii. Discount allowed to a debtor Rs 100 on receiving cash from him was not posted.
 - iv. Bill receivable for Rs 2,000 received from a debtor was not posted.
8. Rectify the following errors
 - i. Sales book overcast by Rs 700.
 - ii. Purchase book overcast by Rs 500.
 - iii. Sales return book overcast by Rs 300.
 - iv. Purchase return book overcast by Rs 200
9. Give the journal entries to rectify the following errors using suspense account, where necessary.
 - i. Rs 3,000 received from a customer as an advance against order was credited to sales account.
 - ii. A sum of Rs 800 written-off as depreciation on machinery, were not posted to

depreciation account.

iii. Purchase of a scooter was debited to conveyance account Rs 16,000. Firm charges 10% depreciation on vehicles.

iv. Payment of Rs 500 to Mohan and Rs 600 to Sohan was made but Mohan was debited with Rs 600 and Sohan with Rs 500.

v. Sales to X Rs 500 were posted to Y's account.

10. Journalise the following transactions. Post them into the ledger and prepare a trial balance.

Date	Particulars	Amt (Rs.)
2013		
Apr 1	Vishal started a business with cash	16,00,000
Apr 2	Deposited in bank	8,00,000
Apr 3	Goods purchased by cheque	4,80,000
Apr 5	Goods purchased from Raj	3,20,000
Apr 7	Good sold for cash	1,60,000
Apr 10	Goods sold to Rohan	4,80,000
Apr 15	Cash received from Rohan	4,60,000
	He was allowed a discount	20,000
Apr 17	Paid to charity	4,000
Apr 18	Paid to Raj	1,56,000
	Received discount from him	4,000
Apr 25	Paid salary	20,000
	Paid rent	16,000
Apr 30	Purchased furniture from vijay and paid by cheque	60,000

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Answer

1. This is an error of commission.
2. While recording business transactions, some errors are committed.

There are 4 kinds of errors, namely;

- i. Error of Principle
- ii. The error of Commission.
- iii. Error of Omission
- iv. Compensatory Error.

These errors have to be corrected before finalization of account. The process of correcting these errors is known as Rectification of Errors.

3. Two-sided errors refer to those errors that do not affect the agreement (tallying) of the trial balance.
 - i. Machinery purchased recorded in the purchases book.
 - ii. Old furniture sold is recorded as sales of goods.
4. Errors due to partial omission is an example of one-sided error.
5. Trial balance is a statement that is prepared to make sure that the transactions for a particular period have been duly recorded in the journal and properly posted to the relevant ledger accounts. It has debit and credit columns to record the balances extracted from ledger accounts with a view to test the arithmetical accuracy of the books of accounts. Under balance method the following procedure is adopted to draw up a trial balance:
 - i. First of all the name of all accounts is written along with serial number.
 - ii. The total balances of all accounts are taken and debit balances are written in the debit column & credit balances in the credit column in the Trial Balance.

- iii. The total of debit & credit columns of the Trial Balance is calculated. Total of both columns of Trial Balance should be equal.

6. Journal

Date	Particulars		L/F	Debit Amount (Rs)	Credit Amount (Rs)
	Suspense A/c To Manohar's A/c (Being the sales of goods-wrongly over-debited to customer, now rectified)	Dr		4,950	4,950
	Purchase Return A/c To Suspense A/c (Being the error in carrying forward of total of purchases return book, now rectified)	Dr		100	100

A suspense account is a general ledger account in which amounts are temporarily recorded. The suspense account is used because the appropriate general ledger account could not be determined at the time that the transaction was recorded.

7. Rectification Journal Entries

S. No.	Particulars		L.F.	Dr. (Rs)	Cr. (Rs)
1	Depreciation A/c To Machinery A/c (Being depreciation omitted to be recorded earlier, now recorded.)	Dr		4,000	4,000
2	Bad Debts A/c To Debtor's A/c (Being bad debts written-off omitted to be recorded)	Dr		5,000	5,000

	earlier, now recorded.)				
3	Discount Allowed A/c To Debtor's A/c (Being discount allowed to debtors omitted to be recorded earlier, now recorded.)	Dr		100	100
4	Bills Receivable A/c To Debtor's A/c (Being bills receivable from debtors omitted to be recorded earlier, now recorded)	Dr		2,000	2,000
				<u>11,100</u>	<u>11,100</u>

8.

Date	Particulars		LF	Amt (Dr)	Amt (Cr)
	Sales A/c	Dr		700	
	To Suspense A/c (Being sales books overcast by 700, now rectified)				700
	Suspense A/c	Dr		500	
	To Purchases A/c (Being purchase book overcast by Rs 500, now rectified)				500
	Suspense A/c	Dr		300	
	To Sales Return A/c (Being sales return book overcast by Rs 300, now rectified)				300
	Purchases Return A/c	Dr		200	
	To Suspense A/c (Being purchase return book overcast by Rs 200, now rectified)				200

In all the given cases, one-sided errors can be discovered as there has been an overcasting of the accounts. Therefore, the rectification has been done by reversing the accounts opposite to their normal balance.

9.

Rectifying Entries

S. No.	Particulars		L.F.	Dr. (Rs.)	Cr. (Rs.)
1.	Sales A/c	Dr.		3,000	
	To Customer's Personal A/c				3,000
	(Being advance received from a customer, wrongly credited to Sales A/c, now corrected.)				
2.	Depreciation A/c	Dr.		800	
	To Suspense A/c				800
	(Being Depreciation on machinery not entered in the Depreciation A/c, now corrected.)				
3.	Scooter A/c	Dr.		16,000	
	To Conveyance A/c				16,000
	(Being purchase of a scooter, wrongly debited to conveyance A/c, now corrected.)				
	Depreciation A/c	Dr.		1,600	
	To Scooter A/c				1,600
	(Being 10% Depreciation on scooter not charged earlier, now corrected.)				
4.	Sohan	Dr.		100	
	To Mohan				100
	(Being Mohan's a/c overcast by Rs. 100 and Sohan's a/c undercast by Rs. 100, now corrected.)				

5.	X	Dr.		500	
	To Y				500
	(Being goods sold to Mr. X, wrongly posted to Mr.Y, now corrected.)				

10. A journal is a detailed account that records all the financial transactions of a business, to be used for future reconciling of and transfer to other official accounting records, such as the general ledger. Manual systems usually had a variety of journals such as a sales journal, purchases journal, cash receipts journal, cash disbursements journal, and a general journal.

In the books of Vishal
Journal entries

Date	Particulars	LF	Debit Amount (Rs.)	Credit Amount (Rs.)
1/4/2013	Cash A/c Dr.		16,00,000	
	To Capital A/c			16,00,000
	(Being Business started with cash)			
2/4/2013	Bank A/c Dr.		8,00,000	
	To Cash A/c			8,00,000
	(Being cash deposited into the bank)			
3/4/2013	Purchases A/c Dr.		4,80,000	
	To Bank A/c			4,80,000
	(Being goods purchased and a cheque issued)			
5/4/2013	Purchases A/c Dr.		3,20,000	
	To Raj A/c			3,20,000

	(Being goods purchased from Raj on credit)			
7/4/2013	Cash A/c Dr.		1,60,000	
	To Sales A/c			1,60,000
	(Being goods sold for cash)			
10/4/2013	Rohan A/c Dr.		4,80,000	
	To Sales A/c			4,80,000
	(Being goods sold to Rohan on cash)			
15/4/2013	Cash A/c Dr.		4,60,000	
	Discount allowed A/c Dr.		20,000	
	To Rohan A/c			4,80,000
	(Being cash received from Rohan and discount allowed to him)			
17/4/2013	Charity A/c Dr.		4,000	
	To Cash a/c			4,000
	(Being charity paid in cash)			
18/4/2013	Raj A/c Dr.		1,60,000	
	To Cash A/c			1,56,000
	To Discount Received A/c			4,000
	(Being cash paid to Raj and discount allowed by him)			
25/4/2013	Salary A/c Dr.		20,000	
	Rent A/c Dr.		16,000	
	To Cash A/c			36,000
	(Being Salary and Rent paid in cash)			
30/4/2013	Furniture A/c Dr.		60,000	

	To Bank a/c			60,000
	(Being furniture purchased from Vijay and cheque issued to him)			

A ledger is the principal book or computer file for recording and totalling economic transactions measured in terms of a monetary unit of account by account type, with debits and credits in separate columns and a beginning monetary balance and ending monetary balance for each account.

Ledger Posting

Dr. Cash A/c				Cr.			
Date	Particulars	JF	Amount (Rs.)	Date	Particulars	JF	Amount (Rs.)
1/4/13	To Capital A/c		16,00,000	2/4/13	By Bank A/c		8,00,000
7/4/13	To Sales A/c		1,60,000	17/4/13	By Charity A/c		4000
15/4/13	To Rohan A/c		4,60,000	25/4/13	By Salary A/c		20,000
				25/4/13	By Rent A/c		16,000
				18/4/13	By Raj A/c		1,56,000
				30/4/13	By Balance C/d		12.24.000
	Total		22,20,000		Total		22,20,000
1/5/13	To Balance b/d		12,24,000				
Dr. Capital A/c				Cr.			
Date	Particulars	JF	Amount (Rs.)	Date	Particulars	JF	Amount (Rs.)
30/4/13	To balance		16,00,000	1/4/13	By Cash A/c		16,00,000

	c/d						
			16,00,000				16,00,000
				1/5/13	By balance b/d		16,00,000
Dr.	Bank A/c						Cr.
Date	Particulars	JF	Amount (Rs.)	Date	Particulars	JF	Amount (Rs.)
2/4/13	To Cash A/c		8,00,000	3/4/13	By Purchases A/c		4,80,000
				30/4/13	By Furniture A/c		60,000
				30/4/13	By balance C/d		2,60,000
			8,00,000				8,00,000
1/5/13	To balance b/d		2,60,000				
Dr.	Purchase A/c						Cr.
	Particulars	JF	Amount (Rs.)	Date	Particulars	JF	Amount (Rs.)
3/4/13	To bank A/c		4,80,000	30/4/13	By balance c/d		8,00,000
5/4/13	To Raj A/c		3,20,000				
			8,00,000				8,00,000
1/5/13	To balance b/d		8,00,000				
Dr.	Raj A/c						Cr.
	Particulars	JF	Amount (Rs.)	Date	Particulars	JF	Amount (Rs.)

18/4/13	To Cash A/c		1,56,000	5/4/13	By Purchase A/c		3,20,000
18/4/13	To Discount A/c		4,000				
30/4/13	To balance c/d		1,60,000				
			3,20,000				3,20,000
				1/5/13	By balance b/d		1,60,000
Dr.	Rohan A/c						Cr.
	Particulars	JF	Amount (Rs.)	Date	Particulars	JF	Amount (Rs.)
10/4/13	To Sales A/c		4,80,000	15/4/13	By Cash A/c		4,60,000
				15/4/13	By Discount A/c		20,000
			4,80,000				4,80,000
Dr.	Sales A/c						Cr.
	Particulars	JF	Amount (Rs.)	Date	Particulars	JF	Amount (Rs.)
30/4/13	To Balnce c/d		6,40,000	7/4/13	By Cash A/c		1,60,000
				10/4/13	By Rohan A/c		4,80,000
			6,40,000				6,40,000
				1/5/13	By balance b/d		6,40,000
Dr.	Discount Allowed A/c						Cr.
	Particulars	JF	Amount (Rs.)	Date	Particulars	JF	Amount (Rs.)
					By balance		

15/4/13	To Rohan A/c		20,000	30/4/13	c/d		20,000
			20,000				20,000
1/5/13	To balance b/d		20,000				
Dr.	Charity A/c						Cr.
	Particulars	JF	Amount (Rs.)	Date	Particulars	JF	Amount (Rs.)
17/4/13	To Cash A/c		4,000	30/4/13	By balance c/d		4,000
			4,000				4,000
1/5/13	To balance b/d		4,000				
DR.	Salary A/c						Cr.
	Particulars	JF	Amount (Rs.)	Date	Particulars	JF	Amount (Rs.)
25/4/13	To Cash A/c		20,000	30/4/13	By balance c/d		20,000
			20,000				20,000
1/5/13	To balance b/d		20,000				
DR.	Rent A/c						Cr.
	Particulars	JF	Amount (Rs.)	Date	Particulars	JF	Amount (Rs.)
25/4/13	To Cash A/c		16,000	30/4/13	By balance c/d		16,000
			16,000				16,000
	To balance						

1/5/13	b/d		16,000				
Dr.	Furniture A/c						Cr.
	Particulars	JF	Amount (Rs.)	Date	Particulars	JF	Amount (Rs.)
30/4/13	To Bank A/c		60,000	30/4/13	By balance c/d		60,000
			60,000				60,000
1/5/13	To balance b/d		60,000				
Dr.	Discount Receivable A/c						Cr.
	Particulars	JF	Amount (Rs.)	Date	Particulars	JF	Amount (Rs.)
30/4/13	To Balance c/d		4,000	18/04/13	By Raj A/c		4,000
			4,000				4,000
				1/5/13	By balance b/d		4,000

A trial balance is a bookkeeping or accounting report that lists the balances in each of an organization's general ledger accounts. (Often the accounts with zero balances will not be listed.) The debit balance amounts are listed in a column with the heading "Debit balances" and the credit balance amounts are listed in another column with the heading "Credit balances." The total of each of these two columns should be identical.

The trial balance is not a financial statement. It is mainly an internal report that is/was useful in a manual accounting system. If the trial balance did not "balance" it signaled an error somewhere between the journal and the trial balance. Often the cause of the difference was a miscalculation of an account balance, posting a debit amount as a credit (or vice versa), transposing digits within an amount when posting or preparing the trial balance, etc.

Today's accounting software has been written to eliminate those errors. Hence, the trial balance is less important for bookkeeping purposes since it is almost certain that the general ledger and the trial balance will have the debits equal to the credits.

The trial balance continues to be useful for auditors and accountants who wish to show 1) the general ledger account balances prior to their proposed adjustments, 2) their proposed adjustments, and 3) all of the account balances after the proposed adjustments. The adjusted amounts make up the adjusted trial balance and the adjusted amounts will be used in the organization's financial statements.

Trial Balance

Particulars	Debit Amount(Rs.)	Credit Amount (Rs)
Cash	12,24,000	
Capital		16,00,000
Bank	2,60,000	
Purchases	8,00,000	
Creditors(Raj)		1,60,000
Discount Receivable		4,000
Sales		6,40,000
Discount Allowed	20,000	
Charity	4,000	
Salary	20,000	
Rent	16,000	
Furniture	60,000	
Total	24,04,000	24,04,000