

**CBSE Test Paper 03**  
**Ch-8 Trial Balance & Rectification Errors**

1. What is the main objective of preparing a trial balance?
2. If a machine is purchased for Rs.10,000 and is wrongly recorded in purchase account. What will be the errors affect on trial balance.
3. Purchase of office furniture for Rs.4,800 has been debited to general expense account. Which error is it?
4. Name the error committed by violating the rule of accounting.
5. 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?
6. Following errors affecting the accounts for the year 2016-17 were detected in the books of Das & Co., Meerut-
  - i. Sales of old computer for Rs.5,000 was treated as sales of goods.
  - ii. Rent of proprietor's residence Rs.6,000 was debited to Rent Account.
  - iii. Cash received from Rajesh Rs.2,150 was credited to Brajesh.Pass the rectifying Journal entries. State the nature of each of these mistakes.
7. Prepare a correct trial balance from the following trial balance in which there are certain mistakes

Name of Accounts	Debit Balance (Rs.)	Credit Balance (Rs.)
Cost of Goods Sold	75,000	
Closing Stock		20,000
Debtors		30,000
Creditors		15,000
Fixed Assets	25,000	

	Rs,000	
Opening Stock	30,000	
Expenses		10,000
Sales		1,00,000
Capital	45,000	
<b>Total</b>	<b>1,75,000</b>	<b>1,72,000</b>

8. Give journal entries to rectify the following

- A purchase of goods from Varun amounting to Rs 300 has been wrongly entered through the sales book.
- A credit sale of goods amounting Rs 240 to Arjun has been wrongly passed through the purchase book.
- On 31st December, 2013 goods of the value of Rs 600 were returned by X and were taken into stock on the same date but no entry was passed in the books.
- An amount of Rs 400 due from Y which had been written-off as a bad debt in a previous year, was unexpectedly recovered, and had been posted to the personal account of Y.
- A cheque for Rs 200 received from Z was dishonoured and had been posted to the debit of sales returns account.

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

- Credit sales to Mohan Rs 7,000 were posted to Karan as Rs 5,000.
- Credit purchase from Rohan Rs 9,000 were posted to the debit of Gobind as Rs 10,000.
- Goods returned to Rakesh Rs 4,000 were posted to the credit of Naresh as Rs 3,000.
- Goods returned from Mahesh Rs 1,000 were posted to the debit of Manish as Rs 2,000.
- Cash sales Rs 2,000 were posted to commission account as Rs 200.

10. Rectify the following error

- Without opening a Suspense A/c

B. By passing journal entries through Suspense A/c.

- i. Rs. 5,000 paid to Mohit were entered in the cash Book but omitted to be posted to the ledger.
- ii. Rs. 5,000 paid to Mohit were debited to his A/c as Rs. 500.
- iii. Rs. 5,000 paid to Mohit were debited to his A/c as Rs. 50,000.
- iv. Rs. 5,000 paid to Mohit were credited to his A/c
- v. Rs. 5,000 paid to Mohit were credited to his A/c as Rs. 500.
- vi. Sales Book was overcast by Rs. 2,000
- vii. Sales Return Book undercast by Rs. 4,000
- viii. Purchase Return Book undercast by Rs. 5,000.



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**Answer**

1. The general purpose of producing a trial balance is to ensure the entries in a company's bookkeeping system are mathematically correct.
2. Trial balance will not show any difference. This is an error of principle. So it will affect the trial balance.
3. This is called an error of principle.
4. An error of principle is an accounting mistake in which an entry is recorded in the incorrect account, violating the fundamental principles of accounting. An error of principle is a procedural error, meaning that the value recorded was the correct value but placed incorrectly.
5. 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. No, it is not necessary that a suspense account will balance after rectification of the errors detected by the accountant. Balance remaining in the suspense account is transferred to the balance sheet on the assets side, if there is a debit balance, or the liabilities side if there is a credit balance.
6. Nature of Mistake -
  - i. Error of Principles
  - ii. Error of Principles
  - iii. Error of Commission

**JOURNAL**

Date	Particulars		L.F.	Dr. (Rs.)	Cr. (Rs.)

(i)	Sales A/c	Dr.		5,000	
	To computer A/c (Being sale of computer wrongly recorded as sales, now rectified)				5,000
(ii)	Drawings A/c	Dr.		6,000	
	To Rent A/c (Being amount of drawing wrongly recorded as rent, now rectified)				6,000
(iii)	Brajesh	Dr.		2,150	
	To Rajesh (Being wrong credit to Brajesh, now rectified)				2,150

When goods or any other thing is withdrawn by proprietor from business for personal use then drawings account is debited.

7. Trial Balance is a list of closing balances of ledger accounts on a certain date and is the first step towards the preparation of financial statements. It is usually prepared at the end of an accounting period to assist in the drafting of financial statements. Ledger balances are segregated into debit balances and credit balances. Asset and expense accounts appear on the debit side of the trial balance whereas liabilities, capital and income accounts appear on the credit side. If all accounting entries are recorded correctly and all the ledger balances are accurately extracted, the total of all debit balances appearing in the trial balance must equal to the sum of all credit balances.

#### Trial Balance

Name of Accounts	Debit Balance (Rs.)	Credit Balance (Rs.)
Cost of Goods Sold	75,000	
Closing Stock	20,000	
Debtors	30,000	
Creditors		15,000

Fixed Assets	25,000	
Expenses	10,000	
Sales		1,00,000
Capital		45,000
<b>Total</b>	<b>1,60,000</b>	<b>1,60,000</b>

8. The following entries will be passed for the rectification of the above errors:

### JOURNAL

Date	Particulars		LF	Dr. (₹)	Cr. (₹)
	Purchases A/c	Dr.		300	
	Sales A/c	Dr.		300	
	To Varun (Being goods purchased from Varun were wrongly recorded in the Sales book, now rectified)				600
	Arjun	Dr.		480	
	To Purchases A/c				240
	To Sales A/c (Being correction of wrong entry in the purchases book of a credit sale of goods to Arjun)				240
	Sales Return A/c	Dr.		600	
	To X (Being entry of goods returned by X and taken back in stock but omitted to be recorded in the books)				600
	Y	Dr.		400	
	To Bad Debts Recoverd A/c (Being correction of wrong credit to personal account in				400



	respect of recovery of previously written-off bad debts)				
	Z	Dr.		200	
	To Sales Return A/c (Being correction of wrong debit to sales returns account for the dishonour of cheque received from Z).				200

9. The following entries will be passed for the rectification of the above errors:

### Journal

Date	Particulars		LF	Dr. (₹)	Cr.(₹)
	Mohan	Dr		7,000	
	To Karan				5,000
	To Suspense A/c (Being goods				2,000
	Suspense A/c	Dr		19,000	
	To Rohan				9,000
	To Gobind				10,000
	(Being goods sold to Rohan for Rs 9,000, wrongly posted to the debit side of Gobind's account as Rs 10,000, now rectified)				
	Rakesh	Dr	4,000		
	Naresh	Dr	3,000		
	To Suspense A/c (Being goods returned to Rakesh Rs 4,000, posted wrongly to Naresh's account Rs 3,000, now rectified)				7,000
	Suspense A/c	Dr		3,000	
	To Mahesh				1,000

To Manish(Being goods returned by Mahesh Rs 1,000, wrongly posted to Manish account Rs 2,000, now rectified)				2,000
Commission A/c	Dr		200	
Suspense A/c	Dr		1,800	
To Sales A/c(Being cash sales for Rs 2,000, wrongly posted to the commission account Rs 200, now rectified)				2,000

The Suspense account will be prepared in the following manner:

### Suspense Account

Dr							Cr
Date	Particulars	JF	Amt(₹)	Date	Particulars	JF	Amt(₹)
	To Rohan		8,000		By Mohan		2,000
	To Gobind		10,000		By Rakesh		4,000
	To Mahesh		1,000		By Naresh		3,000
	To Manish		2,000		By Balance c/d(Difference as per trial balance)		14,000
	To Sales A/c		1,800				
			23,800				23,800

10. 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.

As soon as possible, the amount(s) in the suspense account should be moved to the proper account(s).

Most suspense accounts are cleared out on a regular basis based on the internal accounting practices of the business. To be considered cleared, the account must



reach a zero balance; any suspended amounts must be properly allocated to their designated accounts. While there is no standard amount of time to complete the clearing-out process, many businesses complete it cyclically, such as monthly or quarterly.

A. Without opening a suspense A/c. These errors are rectified in the concerned ledger A/c, as these errors before trial Balance.

- i. Mohit's A/c will debited by Rs. 5,000 as it is a case of partial commission.
- ii. Mohit's A/c was debited Rs. 4500 (5,000-500) therefore the rectification will be done by debiting Mohit's A/c by 4,500.
- iii. Mohit's A/c was debited in excess by Rs. 45,000 (50,000-5,000) therefore ratification will be done by crediting the Mohit's A/c by Rs. 45,000.
- iv. Mohit's A/c was credited by Rs. 5,000 instead of debited by Rs. 5,000, therefore, rectification will be done by debiting Mohit's A/c by Rs. 10,000 (5,000+5,000)
- v. Mohit's A/c was wrongly credited by Rs. 500 instead of debiting it by Rs. 5,000 so rectification will be done by debiting the Mobil's A/c. by 5,500.
- vi. Sales book overcast means sales A/c is credited is excess by Rs. 2,000. Hence rectification will be done by debiting sales A/c by 2,000.
- vii. Sales Return Book total undercast by Rs. 4,000 means sales return A/c is a debited short by Rs. 4,000 Hence rectification will be done by debiting sales Return A/c by 4,000.
- viii. Purchase Return Book undercast by Rs. 5,000 means purchase Return A/c is credited short by Rs. 5,000. Hence rectification will be done by crediting the purchase Return A/c by Rs. 5,000

B. By opening suspense A/c.

#### Rectifying Journal Entry

Error	No. Particulars	L.F.	Dr. Rs.	Cr. Rs.
	Mohit Dr.		5,000	
	To Suspense A/c			5,000
1	(For cash paid to Mohit committed to be posted to his A/c)			

2	Mohit Dr.		4,500	
	To Suspense A/c (For Mohit A/c was debited with excess amount)			4,500
	Suspense Dr.		45,000	
3	To Mohit (For Mohit A/c was debited with excess amount)			45,000
	Mohit Dr.		10,000	
4	To Suspense A/c (For posting to Mohit's A/c was done on wrong side)			10,000
5	Mohit Dr.		5,500	
	To Suspense A/c (For posting made with wrong amount and wrong side)			5,500
6	Sales A/c Dr.		2,000	
	To Suspense A/c (For overcast of sales Book rectified)			2,000
	Sales Return A/c Dr.		4,000	
7	To Suspense A/c (For undercast of sales return book rectified)			4,000
8	Suspense A/c Dr.		5,000	
	To Purchase Return A/c (For undercast of purchase return Book, rectified)			5,000