

Rectification of Errors

Method of Rectification depends on the **STAGE** at which error is detected.



1. Before Preparation of Trial Balance

Errors

One-sided Error

Two-sided Error.

Rectification → Entry not possible

↓
Rectification Statement

Rectification entry ✓

How would you rectify the following errors?

- The total to the Purchases Book has been undercast by Rs. 100.
- A sum of Rs. 250 written off as depreciation on Machinery has not been debited to Depreciation Account. - *Dep Dr To Mach.*
- A payment of Rs. 75 for salaries (to Mohan) has been posted twice to Salaries Account. *Salary Dr 75 → To Cash* *Dr 150 → Cr 75*
- The total of Bills Receivable Book Rs. 1,500 has been posted to the credit of Bills Receivable Account. *Asset* *Dr B/R Cr. 1500 | 1500*
- An amount of Rs. 151 for a credit sale to Hari, although correctly entered in the Sales Book, has been posted as Rs. 115. *SB* *Dr Hari* *115* *36*
- Discount allowed to Satish Rs. 25 has not been entered in the Discount Column of the Cash Book. the amount has been posted correctly to the credit of his personal account. *Ram Dr To Sales Ak* *Purch Dr.*
- Goods sold to Ram for Rs. 1,000 was wrongly posted from sales day book to the debit of purchase account. Ram has however been correctly debited.

- Purchase A/c* - " To undercasting of purch book. ₹100 "
- Dep A/c* - " To omission of posting ₹250 "
- Salaries A/c* - " By double posting ₹75 "
- B/R A/c* - " To wrong posting ₹3000 "
- Hari A/c* - " To wrong posting ₹36 "
- Disc. all A/c* - " To omission in posting ₹25 "



7. Purchase - "By wrong posting ₹1000"

Sales A/c - "By omission of posting ₹1000"

2 Sided error

↓
Correct

✓
Wrong

Rectification

↓
Reversal of Wrong + Correct

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2. Two-sided Error



The following errors were found in the book. Give the necessary entries to correct them.

(1) Rs. 500 paid for furniture purchased has been charged to ordinary Purchases Account.

Correct Entry	Wrong Entry	Rectification Entry
Furniture Dr. 500 To cash 500	Purchase A/c 500 To Cash 500	Furniture Dr. 500 To purch A/c 500

(2) An amount of Rs. 100 withdrawn by the proprietor for his personal use has been debited to Trade Expenses Account.

Correct Entry	Wrong Entry	Rectification Entry
Drawings Dr 100 To Cash A/c 100	Trade Exp A/c Dr 100 To Cash A/c 100	Drawings Dr. 100 To Trade Exp 100

(3) Salary Rs. 125 paid to a clerk due to him has been debited to his personal account.

Correct Entry	Wrong Entry	Rectification Entry
Salary Dr. 125 To Cash A/c 125	Clerk A/c Dr. 125 To Cash A/c 125	Salary Dr. 125 To Clerk A/c 125



(4) Rs. 100 received from Shah & Co. has been wrongly entered as from Shaw & Co.

Correct Entry	Wrong Entry	Rectification Entry
Cash A/c Dr 100 To Shah & Co. 100	Cash A/c Dr. 100 To Shaw & Co. 100	Shaw & Co. Dr. 100 To Shah & Co. 100

(5) Rs. 700 paid in cash for a typewriter was charged to Office Expenses Account.

Correct Entry	Wrong Entry	Rectification Entry
Typewriter Dr 700 To Cash 700	Off exp Dr 700 To Cash 700	Typewriter Dr 700 To off exp 700

(6) A purchase of goods from Ram amounting to Rs. 150 has been wrongly entered through the Sales Book.

Correct Entry	Wrong Entry	Rectification Entry
Purch. Dr. 150 To <u>Ram</u> 150	Ram Dr. 150 To Sales A/c 150	Sales A/c Dr. 150 Purch. A/c Dr 150 To Ram 300

Ram Dr 150
Cr 150
0
Cr 150

Cr. 300
Dr 150
Cr. 150



(7) A Credit sale of goods amounting Rs. 120 to Ramesh has been wrongly passed through the Purchase Book.

Correct Entry	Wrong Entry	Rectification Entry
Ramesh Dr. <u>120</u> To Sales 120	Purch A/c Dr. 120 To <u>Ramesh</u> 120	Ramesh Dr 240 To Sales A/c 120 To purch A/c 120

(8) On 31st December, 2022 goods of the value of Rs. 300 were returned by Hari Saran and were taken into inventory on the same date but no entry was passed in the books. SJR

Correct Entry	Wrong Entry	Rectification Entry
		Sales Ret A/c Dr 300 To Hari Saran 300

(9) An amount of Rs. 200 due from Mahesh Chand, 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 Mahesh Chand.

Correct Entry	Wrong Entry	Rectification Entry
Cash A/c Dr 200 To Bad debt Rec A/c	Cash A/c Dr 200 To Mahesh chand 200	Mahesh ch. A/c Dr 200 To Bad debt Rec 200

↓
Cash Book



(10) A Cheque for Rs. 100 received from Man Mohan was dishonoured and had been posted to the debit of Sales Returns Account.

Correct Entry	Wrong Entry	Rectification Entry
Man Mohan Dr 100 To Bank A/c	→ Sales Ret Dr <u>100</u> To Bank 100	Man Mohan Dr 100 To Sales Ret 100

→ Credit

Credit

(11) The sale of old machinery, Rs. 1,000 has been entered in the sales book

Correct Entry	Wrong Entry	Rectification Entry
Debtor Dr 1000 To Mach A/c <u>1000</u>	Debtor A/c Dr 1000 To <u>Sales</u> A/c 1000	Sales Dr 1000 To Mach 1000

(12) Discount received from Jassi Rs. 500 has not been entered in the discount column of the cash book

Correct Entry	Wrong Entry	Rectification Entry
		Jassi Dr 500 To Disc. Rec. 500



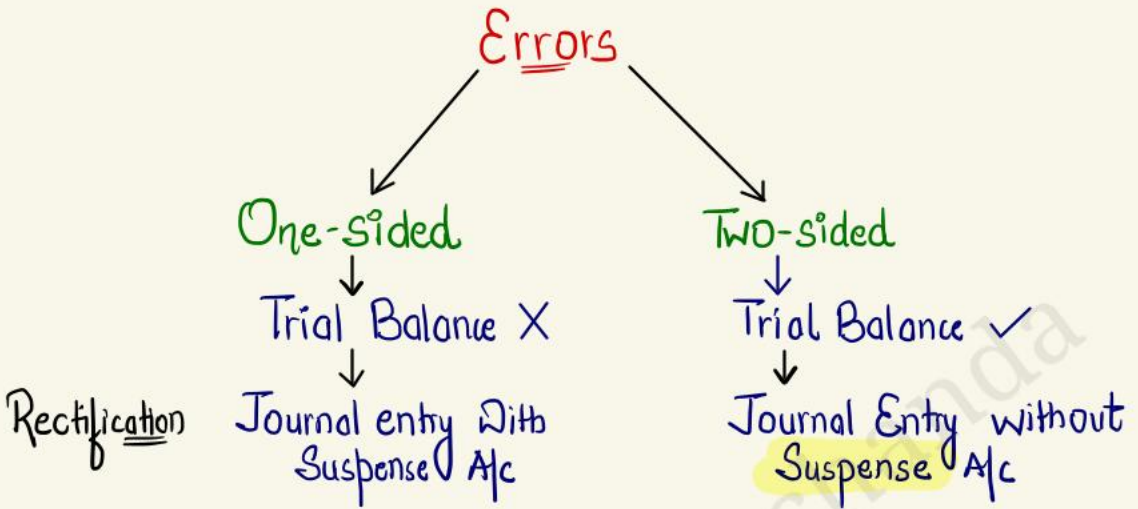
2. After Preparation of Trial Balance but before Final A/c.

TRIAL BALANCE			
Particulars	Dr.	Cr.	
Capital A/c		100,000	
Sales		45,000	
Purchases	40,000		
Salary	20,000		
Electricity	10,000		
Machinery	70,000		
Cash	10,000		
Suspense A/c		5,000	
	<u>150,000</u>	<u>150,000</u>	

Sales Book undercast 5000
↓
Susp Dr 5000
To Sales 5000

Suspense A/c → Temporary

		Cr:	
To Sales A/c	5000	by difference in Trial bal.	5000
	<u>5000</u>		<u>5000</u>



Purch Book

Tara

Goods purchased from Tara Rs. 10,000 was posted to the debit of Tara A/c.

Correct Entry	Wrong Entry	Rectification Entry
<p>Purch A/c Dr 10,000 To Tara <u>10,000</u></p>	<p>Tara Dr. 10,000</p>	<p>Susp A/c Dr 20,000 To Tara 20,000</p>

Furniture purchased from Gulab & Bros, Rs. 1,000 has been entered in Purchases Day Book.

Correct Entry	Wrong Entry	Rectification Entry
<p>Furniture Dr 1000 To Gulab 1000</p>	<p>Purch. A/c <u>Dr 1000</u> To Gulab 1000</p>	<p>Furn. A/c Dr. 1000 To Purch A/c 1000</p>



Discount allowed to G. Mohan & Co. Ra. 18 has not been entered in the Discount Column of the Cash Book. The account of G. Mohan & Co. has, however, been correctly posted.

Correct Entry	Wrong Entry	Rectification Entry
Disc. all Dr. 18 To G. Mohan 18		Disc. all Dr. 18 To Susp A/c 18

Rs. 375 paid for Wages to workmen for making ^{Furn.} show-cases had been charged to "Wages Account".

Correct Entry	Wrong Entry	Rectification Entry
Furn. A/c Dr. 375 To Cash 375	Wages A/c Dr. 375 To Cash 375	Furn. A/c Dr. 375 To Wages 375

A cheque for Rs. 200 received from P. C. Joshi had been dishonoured and was passed to the debit of "Allowances Account".

Correct Entry	Wrong Entry	Rectification Entry
P.C. Joshi Dr. 200 To Bank 200	Allowance A/c Dr. To Bank A/c	P.C. Joshi Dr 200 To Allowance 200



Goods sold to Tanya Rs. 2,000 has been posted as Rs. 200

Correct Entry	Wrong Entry	Rectification Entry
Tanya Dr. 2000 To Sales A/c 2000	Tanya Dr 200	Tanya Dr. 1800 To Susp A/c 1800

Goods of the value of Rs. 100 returned by Mr. Sharma were entered in the Sales Day Book and posted therefrom to the credit of his account;

Correct Entry	Wrong Entry	Rectification Entry
Sales Ret Dr. 100 To Sharma 100	Mr. Sharma Cr. 100 To Sales A/c 100	Sales Dr. 100 Sales Ret Dr 100 To Susp A/c 200

A sale of Rs. 200 made to Mr. Ghanshyam was correctly entered in the Sales Day Book but wrongly posted to the debit of Mr. Radheshyam as Rs. 20 ✓

Correct Entry	Wrong Entry	Rectification Entry
Ghanshyam Dr 200 To Sales A/c 200	Radheshyam Dr 20	Ghanshyam Dr 200 To Susp A/c 180 To Radheshyam 20

The total of "Discount Allowed" column in the Cash Book for the month of September, 2022 amounting to Rs. 250 was not posted.

Correct Entry	Wrong Entry	Rectification Entry
		Disc. all Dr. 250 To Susp A/c 250

~~Imp~~
Bad debts aggregating ₹45,000 were written off during the year in the sales ledger but were not adjusted in the general ledger. Bad debt A/c Debtor A/c

Correct Entry	Wrong Entry	Rectification Entry
Bad debt Dr 45000 To Debtor ✓ 45000		Bad debt Dr. 45000 To Susp A/c 45000

Sales Ledger - All Debtor A/c



The trial balance of Mr. W & H failed to agree and the difference ₹20,570 was put into suspense account pending the investigation which disclosed that:

- (i) Purchase returns day book had been correctly entered and totalled at ₹6,160, but had not been posted to the ledger.
- (ii) Discounts received ₹1,320 had been debited to discounts allowed. Susp Dr. 2640
- (iii) The Sales account had been under added by ₹10,000. Susp Dr. To Disc Rec 1320
To Sales A/c To Disc. all A/c 1320
- (iv) A credit sale of ₹1,470 had been debited to a customer account at ₹1,740. Susp Dr 270
To Cust A/c 270
- (v) A vehicle bought originally for ₹7,000 four years ago and depreciated to ₹1,200 had been sold for ₹1,500 in the beginning of the year but no entries, other than in the bank account had been passed through the books. Susp A/c Dr 1500
To vehicle 1200
To gain on sale 300
- (vi) An accrual of ₹560 for telephone charges had been completely omitted. Teleph ch Dr. 560
To o/s tel ch. 560
- (vii) A bad debt of ₹1,560 had not been written off and provision for doubtful debts should have been maintained at 10% of Trade receivables which are shown in the trial balance at ₹23,390 with a credit provision for bad debts at ₹2,320.
- (viii) Tools bought for ₹1,200 had been inadvertently debited to purchases. Tools Dr 1200
To purch A/c 1200
- (ix) The proprietor had withdrawn, for personal use, goods worth ₹1,960. No entries had been made in the books. - Draw Dr 1960
To purch A/c 1960

You are required to give rectification entries without narration to correct the above errors before preparing annual accounts.

(vii)

Trial Bal

Trade Rec
Prov. for DD

Dr 23390

Cr

2320

P&L 2320

To prov. 2320

1. Bad debt. 1560

Trade Rec -	23390
	(1560)
	21830
	(270)
	<u>21560</u>

a. Bad debt Dr 1560
To Debtor 1560

b. Prov. for DD 1560
To Bad debt 1560

760

21560 -> 2156
(160) 1396 ✓



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S.No.	Particulars	LF	Dr	Cr
1.	Susp A/c Dr. To purch. Ret A/c		6160	6160
7.	a. Bad debt Dr To Debtor		1560	1560
	b. Prov. for doubtful Dr To Bad debt		1560	1560
	c. P&L A/c Dr To prov. for DD		1396	1396

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Susp - Cr. 150

On going through the Trial balance of Ball Bearings Co. Ltd. you find that the debit is in excess by ₹150. This was credited to "Suspense Account". On a close scrutiny of the books, the following mistakes were noticed:

- Exp A/c ↑ 50

(1) The totals of debit side of "Expenses Account" have been casted in excess by ₹ 50.

(2) The "Sales Account" has been totalled in short by ₹100.

(3) ^{Cred.} Supplier account has been overcasted by 225.

(4) The sale return of ₹100 from a party has not been posted to that account though the Party's account has been credited.

Sales Ret Dr 100
To party A/c 100

(5) A cheque of ₹500 issued to the Suppliers' account (shown under Trade payables) towards his dues has been wrongly debited to the purchases.

Trade pay Dr — Purch Dr
To Bank A/c

(6) A credit sale of ₹50 has been credited to the Sales and also to the Trade receivables Account.

Trade Rec → Cr.
To Sales A/c

You are required to

(i) Pass necessary journal entries for correcting the above;

(ii) Show how they affect the Profits; and

(iii) Prepare the "Suspense Account" as it would appear in the ledger.

T/R		Dr. 50		
			Cr 50	
Dr	100	Cr	50	
			Dr 50	
			Dr 50	100 Dr

Nominal — Dr. P↓
 — Cr. P↑
Nominal



S.No.	Particulars	L.F.	Dr	Cr.	Effect on profits
1.	Susp A/c Dr ✓ To Exp A/c ✓		50	50	Increase by ₹50
2.	Susp A/c Dr ✓ To Sales A/c ✓		100	100	Inc. by ₹100 ✓
3.	Supplier A/c Dr ✓ To Susp ✓		225	225	No effect
4.	Sales Ret A/c Dr ✓ To Susp A/c ✓		100	100	Dec. by ₹100
5.	Trade pay Dr ✓ To purch A/c ✓		500	500	Inc by ₹500
6.	T/R Dr ✓ To Susp A/c ✓		100	100	No eff.
					<hr/> Inc. by <u>550</u>

Suspense A/c

Cr

Particulars	₹	Part	₹
To Exp	50	by diff in T.B. by Supp by s/r by T/R	150
To Sales A/c	100		225
			100
To bal c/d	425		100
↓	575		575

All errors have not been rectified.

11.42

Break

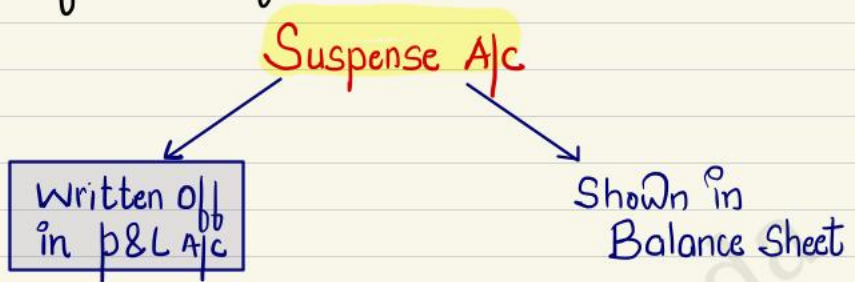
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11.55

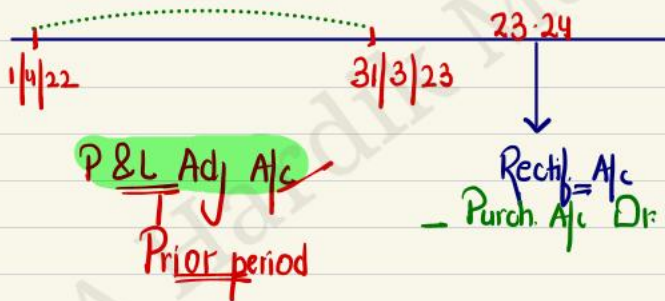


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3 Rectification after Final A/c.



1. Susp A/c is tlf to cap A/c
 2. P&L Adj A/c is tlf to cap A/c
- ↑
Nominal A/c
- P&L Adj A/c is tlf to cap A/c.





A merchant's trial balance as on June 30, 2022 did not agree. The difference was put to a Suspense Account. During the next trading period, the following errors were discovered:

- (i) The total of the Purchases Book of one page, Rs. 4,539 was carried forward to the next page as Rs. 4,593. PT54 FY
- (ii) A sale of Rs. 573 was entered in the Sales Book as Rs. 753 and posted to the credit of the customer. PIR
- (iii) A return to a creditor, Rs. 510 was entered in the Returns Inward Book; however, the creditor's account was correctly posted. SIR
- (iv) Cash received from C. Dass, Rs. 620 was posted to the debit of G. Dass.
- (v) Goods worth Rs. 840 were despatched to a customer before the close of the year but no invoice was made out. Sales
- (vi) Freight paid on a machine Rs. 5,600 was posted to the Freight Account as Rs. 6,500. 10% Depreciation is charge on this machines.
- (vii) A sale of machine on credit to Mr. Mehta for Rs. 9,000 on 30th sept. 2021 was not entered in the books at all. The book value of the machine was Rs. 6,750. 2250
- (viii) A credit sale of ₹760 was wrongly posted as ₹670 to the customers account in the sales ledger.

$$\begin{array}{l} \text{Customer Dr } 760 \\ \quad \text{To Sales A/c } 760 \end{array} \rightarrow \begin{array}{l} \text{Customer Dr } 670 \end{array}$$
- (ix) The sale of ₹10,000 was omitted to be recorded. - Credit
- (x) Goods worth Rs. 1,000 were sent on sale or return basis to a customer and entered in the Sales Book. At the close of the year, the customer still had the option to return the goods. The sale price was 25% above cost. 130/6

You are required to give journal entries to rectify the errors in a way so as to show the current year's profit or loss correctly.



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S.No.	Particulars	LF	Dr	Cr
1.	Susp A/c Dr To p&l Adj A/c		54	54
2.	Customer Dr P&l Adj Dr — To Susp A/c		1326 180	<u>1506</u> ✓
3.	Susp Dr To p&l A/c		1020	1020
4.	Susp Dr. To Gr. Dass To C. Das		1240	620 620
5.	Debtor Dr. To p&l Adj A/c		840	840
6.	a. Mach Dr. Susp Dr To p&l Adj -		5600 900	<u>6500</u>
	b. P&l Adj Dr To Mach		560	560



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S.No.	Particulars	LF	Dr	Cr
7.	Mehnta Dr To Mach To p&L Adj A/c		9000	6750 2250
8.	Customer Dr To Susp A/c		90	90
9.	Debtor Dr To p&L Adj		10,000	10,000
10.	a) P&L Adj Dr To Debtor A/c		1000	1000
	b) Cl. Stock Dr To p&L Adj A/c		800	800
11.	P&L Adj Dr To Cap A/c		19724	19724



P&L Adj A/c

To Susp	180	By Susp	54
To Mach	560	by Susp A/c	1020
To Deb	1000	by Debtor	840
		by Mach	5600
To cap A/c	19724	by Susp A/c	900
		by Mehta	2250
		by Debtor	10,000
		by Cl. Stock	800

Susp A/c

To p&L A/c	54	by customer	1326
To p&L Adj	1020	by p&L Adj	180
To C. Das	620		
To Gr. Dass	620	by customer A/c	90
To p&L Adj	900	by Diff in TB	1618
	<u>3214</u>		<u>3214</u>

Mr. Jassi was unable to agree the Trial Balance last year and wrote off the difference to the Profit and Loss Account of that year. Next Year, he appointed a Chartered Accountant who examined the old books and found the following mistakes:

Scooter

Conveyance

Recording

(1) Purchase of a scooter was debited to conveyance account Rs. 3,000. Mr. Jassi used 10% depreciation on vehicles

(2) A credit purchase of goods from Mr. P for Rs. 2,000 was entered as a sale.

(3) Receipt of cash from Mr. A was posted to the account of Mr. B Rs. 1,000. Cash To Mr A - To Mr B

(4) Rs. 500 due by Mr. Q was omitted to be taken to the trial balance. Mr. Q

(5) Amount of Rs. 2,395 of purchase was wrongly posted as Rs. 2,593.

Suggest the necessary rectification entries.

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Journal

1. a. Scooter Dr. 3000
To p&L Adj A/c 3000

b. P&L Adj Dr 300
To Scooter 300

2. P&L Adj 4000
To Mr P 4000

3. Mr B Dr 1000
To Mr A 1000

4. Mr. Q Dr. 500
To Supp 500



5. Susp Dr 198
 To P&L Adj A/c 198
6. Susp Dr 302
 To Cap A/c 302
7. Cap Dr 1102
 To P&L Adj A/c 1102

Susp = A/c

To P&L Adj	198	By Mr. Q	500
To Cap A/c	302		
	<u> </u>		<u> </u>

P&L Adj A/c

To scooter	300	by scooter	3000
To Mr. P	4000	by Susp A/c	198
		by Cap A/c	1102

Cr.