Rectification of Error

Example 1: Rs. 5.000 received from the sale of old furniture has been Credited to Sales A/c.

Solution: This error also affects the two A/c

·Furniture A/c is not Credited hence its credit side is short by Rs. 5,000

·Sales A/c is credited by mistake its credit side is excess of Rs. 5,000.

·Therefore fore rectifying this mistake Sales A/c will be debited because it was wrongly Credited and Furniture A/c which was not Credited earlier will now be credited by Rs. 5,000.

Hence Rectifying entry is

	Sales A/c Dr. To Furniture A/c (Sales of old Furniture wrongly Credited to Sales A/c)		5,000	5,000

Example 2: Goods sold to Seema for Rs. 540 was entered in the Sales Book - as Rs. 450.

Solution:

·Here Seema's A/c is debited by Rs. 90 short and Sales A/c is credited by Rs. 90 short.

(Instead of Rs. 540 by Rs. 450)

·Therefore rectification will be done by Debiting Seema's A/c and Crediting Sales A/c. Hence Rectifying entry is:

	Seema Dr.			

	To Sales A/c		90	
				90
	(For Goods sold to Seema for Rs. 540 wrongly entered Rs.450)			

Example 3: Goods purchased from Mohan for Rs. 300 was recorded in Purchases Book as Rs. 3,000.

Solution:

· Here Purchases A/c is Debited by Rs. 3,000 instead of Rs. 300, *i.e.* Rs. 2,700, more.

· Mohan's A/c is also Credited by Rs. 2,700 more.

· Rectification will be done by debiting Mohan's A/c and Crediting purchases

Rectifying Entry

	Mohan Dr.			
	To Purchases A/c		2,700	
				2,700
	(For Purchase of goods from Mohan for Rs. 300 wrongly entered Rs. 3,000)			

Problem:Rectify the following Errors:

(1) Rs. 5,000 Paid for furniture purchased has been debited to purchases account.

(2) Wages paid Rs. 7,000 for installation of new machinery were recorded in wages account.

(3) Goods sold to Hari Rs. 10,000 not recorded.

(4) Rs. 2,500 received from Monu has been credited to Sonu A/c.

(5) Rent paid Rs. 1,000 wrongly debited to Landlord Account.

(6) Credit Purchase from Raman Rs. 15,000 were wrongly recorded in sales book.

(7) Credit sales to Geeta Rs. 8800 were recorded as Rs. 8000

(8) Goods Rs. 5,000 withdrawn by proprietor has not been recorded.

Solution:

Error No.	Particulars	L.F.	Dr. Rs.	Cr. Rs.
1	Furniture A/c Dr. To Purchase A/c (The furniture purchase wrongly debited to purchase A/c)		5,000	5,000
2	Machinery A/c Dr. To Wages A/c (The wages for installation machinery wrongly debited to wages A/c)		7,000	7,000
3	Hari Dr. To Sales A/c (The good sold to Hari not recorded)		10,000	10,000
4	Sonu Dr. To Monu (The amount wrongly credited to Sonu instead of Monu)		2,500	2,500
5	Rent A/c Dr. To Landlord (The rent paid but wrongly debited to landlord A/c)		1,000	1,000
6	Purchase A/c Dr. Sales A/c To Raman (The Credit purchase but wrongly credit to sale A/c.)		15,000 15,000	30,000

7	Geeta Dr. To Sales A/c The Credit sales to Geeta Rs. 8800 but recorded 8000)		800	800
8	Drawing A/c Dr. To Purchase A/c (The goods withdraw by Proprietor for personal use)		5,000	5,000

Example 3: **Purchases Book understand by Rs. 150**

Solution: Analysis: It means that the total of the Purchases, Book is Rs. 150 short.

·This total is posted to purchases A/c- Debit side

·Hence Purchases A/c is debited short by Rs. 150

·No effect on any other A/c

·Therefore purchases A/c will be debited by Rs. 150 to rectify this error as given below.

Purchase A/c

Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.
	To Undercast of purchase book		150				

Here debit side of the Purchase A/c was short therefore the rectification lis done by debiting the A/c.

Example 2: **Purchases Book is overcast by Rs. 300**

Solution: Analysis

·Means total of the Purchases Book is in excess by Rs. 300 which is posted to the debit side of

purchases A/c

·Hence purchases A/c is debited in excess by Rs. 300.

·No effect on any other A/c.

·Therefore to rectify this error Rs. 300 will be credited to purchases A/c (i.e. opposite side)

Purchases A/c

Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.
					By Overcast of Purchases Book		300

·Here debit side of the purchases A/c was in access, therefore the rectification is done by entering the amount on the opposite side *i.e.,* Credit side of the Purchases A/c.
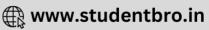
Example: Hence for the same error as given in example No. 1 in case I, the following Journal Entry will be passed.

		Rs.	Rs.
Purchases A/c Dr. To Suspense A/c (For undercast of purchase book, now corrected)		150	150

Example 4: **Sales Book was undercast by Rs. 200**

Solution: Analysis

·Sales book totalled short by Rs. 200 which is posted to the credit side of sales A/c.

·Therefore Sales A/c credit side is short by Rs. 200.

·ence rectification will be done by crediting the sales A/c and Debiting the Suspense A/c by Rs. 200.

		Rs.	Rs.
Suspense A/c Dr. To Sales A/c (For undercast of Sales Book, now corrected)		200	200

Problem: Rectify the following error

(A) Without opening a Suspense A/c

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

(1) Rs. 5,000 paid to Mohit were entered in the cash Book but omitted to be posted to the ledger.

(2) Rs. 5.000 paid to Mohit were debited to his A/c as Rs. 500.

(3) Rs. 5,000 paid to Mohit were debited to his A/c as Rs. 50,000.

(4) Rs. 5.000 paid to Mohit were credited to his A/c

(5) Rs. 5,000 paid to Mohit were credited to his A/c as Rs. 500.

(6) Sales Book was overcast by Rs. 2,000

(7) Sales Return Book undercast by Rs. 4,000

(8) Purchase Return Book undercast by Rs. 5,000.

Solution:

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

(1) Mohit's A/c will debited by Rs. 5,000 as it is a case of partial ommission.

(2) 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.

(3) Mohit's A/c was debited in excess by Rs. 45,000 (50,000-5,000) therefore ratification will be done by crediting the Mohits A/c by Rs. 45.000.

(4) 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)

(5) 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.

(6) 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.

(7) 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.

(*8*) 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.
1	Mohit Dr. To Suspense A/c (For cash paid to Mohit committed to be posted to his A/c)		5,000	5,000
2	Mohit Dr. To Suspense A/c (For Mohit A/c was debited with excess amount)		4,500	4,500
3	Suspense Dr. To Mohit (For Mohit A/c was debited with excess amount)		45,000	45,000
4	Mohit Dr. To Suspense A/c (For posting to Mohit's A/c was done on wrong side)		10,000	10,000
5	Mohit Dr. To Suspense A/c (For posting made with wrong wrong amount and wrong side)		5,500	5,500

			Dr.	Cr.
6	Sales A/c Dr. To Suspense A/c (For overcast of sales Book rectified)		2,000	2,000
7	Sales Return A/c Dr. To Suspense A/c (For undercast of sales return book rectified)		4,000	4,000
8	Suspense A/c Dr. To Purchase Return A/c (For undercast of purchase return Book, rectified)		5,000	5,000

Problem: An accountant of a trading concern could not agree the Trial Balance. There was an excess credit of Rs. 100 which he transferred to the suspense A/c. The following errors were subsequently discovered.

1. Received Rs. 550 from X, were posted to the debit of his account.
2. Rs. 100 being purchase return was pointed to the debit of purchases A/c.
3. Discount received Rs. 200 Correctly entered in the Cash Book but posted to the debit of the discount A/c.
4. Salary paid Rs. 3,500 to X was posted to the salary A/c as Rs 2,500.
5. A purchase of Rs. 400 has been passed through Sales Book. However, the customer's account has been correctly credited.

Solution:
Give Rectifying entries and Suspense A/c
Rectifying Journal Entries

Error	No. Particulars	L.F.	Dr. Rs.	Cr. Rs.
1	Suspense A/c Dr. To X (Amount received from X was Posted to the wrong side now corrected)		1,100	1,100
	Suspense A/c Dr.			

	No. Particulars		Dr. Rs.	Cr. Rs.
2	To Purchase A/c To Purchase Return A/c (For the purchases return wrongly posted to the purchases A/c)		200	100 100
3	Suspense A/c Dr. To Discount A/c (Discount received was posted to the wrong side of discount A/c)		400	400

Error	No. Particulars	L.F.	Dr. Rs.	Cr. Rs.
4	Salary A/c Dr. To Suspense A/c (Salary paid was posted to Salary A/c with lesser amount)		1,000	1,000
5	Purchase A/c Dr. To Sales A/c To Suspense A/c (Purchases has been passed through sales book but the customer's A/c has been correctly credited)		400 400	800

Suspense A/c

Dr. Cr.

Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.
	To Difference in the Trials Balance		100		By Salary A/c		1,000

1 (2) (3) (4)		To X To Purchases A/c To Return A/c To Discount A/c		1,100 100 100 400	(4) (5) (i) (ii)	By Purchases A/c By Sales A/c Balance c/d	400 400 Nil
				1,800			1,800

Since the Balance of the suspense A/c is nil, indicates that all the errors have been certified.