

Chapter 8: Rectification of Errors

EXERCISE 1 [PAGE 266]

Exercise 1 | Q 1 | Page 266

QUESTION

Answer in One Sentence:

What is meant by rectification of errors?

SOLUTION

From the book of accounts, when errors are identified (to confirm accuracy in the books of accounts) and entries are passed to rectify that errors, it is known as rectification of errors.

Exercise 1 | Q 2 | Page 266

QUESTION

Answer in One Sentence:

What is meant by error of principle?

SOLUTION

In the books of accounts when transactions are recorded without following the accounting principles and/or rules, is known as error of principle.

Exercise 1 | Q 3 | Page 266

QUESTION

Answer in One Sentence:

What is meant by error of partial omission?

SOLUTION

When a transaction to be recorded in the books of account is partially omitted and due to which trial balance does not get tallied, it is known as error of partial omission.

Exercise 1 | Q 4 | Page 266

QUESTION

Answer in One Sentence:



What is meant by error of complete omission?

SOLUTION

When a transaction to be recorded in the books of accounts is completely omitted and due to which agreement of trial balance does not affect, it is known as error of complete omission.

Exercise 1 | Q 5 | Page 266

QUESTION

Answer in One Sentence:

What are compensating errors?

SOLUTION

When two or more errors, identified from books of accounts are in such a way that the net effect of these errors, on the debit and on the credit sides of accounts is nil, such errors are known as compensating errors.

EXERCISE 2 [PAGES 266 - 267]

Exercise 2 | Q 1 | Page 266

QUESTION

Give one word/term or phrase for the following statement:

Errors which affect the agreement of Trial Balance.

SOLUTION

Errors which affect the agreement of Trial Balance. - **One-sided errors**

Exercise 2 | Q 2 | Page 266

QUESTION

Give one word/term or phrase for the following statement:

Taking the total more while closing books of accounts.

SOLUTION

Taking the total more while closing books of accounts. - **Overcasting.**

Exercise 2 | Q 3 | Page 266

QUESTION



Give one word/term or phrase for the following statement:

Error which arises when a transaction is partially or completely omitted to be recorded in the books of accounts.

SOLUTION

Error which arises when a transaction is partially or completely omitted to be recorded in the books of accounts. - **Error of omissions**

Exercise 2 | Q 4 | Page 266

QUESTION

Give one word/term or phrase for the following statement:

Transactions recorded due to violating the accounting principles.

SOLUTION

Transactions recorded due to violating the accounting principles. - **Error of principle**

Exercise 2 | Q 5 | Page 267

QUESTION

Give one word/term or phrase for the following statement:

Accounts to which difference in Trial Balance is transferred.

SOLUTION

Accounts to which difference in Trial Balance is transferred. - **Suspense account**

Exercise 2 | Q 6 | Page 267

QUESTION

Give one word/term or phrase for the following statement:

Error in which the effect of one mistake is nullified by another mistake.

SOLUTION

Error in which the effect of one mistake is nullified by another mistake. - **Compensating Error**

Exercise 2 | Q 7 | Page 267

QUESTION

Give one word/term or phrase for the following statement:



Error which are not disclosed by the Trial Balance.

SOLUTION

Error which are not disclosed by the Trial Balance. - **Two sided errors**

EXERCISE Q.3 [PAGE 267]

Exercise 3 | Q 1 | Page 267

QUESTION

Select the most appropriate alternative from those given below and rewrite the sentence:

Rectification entries are passed in _____

- Journal Proper
- Ledger
- Balance sheet
- Cash Book

SOLUTION

Rectification entries are passed in **Journal Proper.**

Exercise 3 | Q 1 | Page 267

QUESTION

Select the most appropriate alternative from those given below and rewrite the sentence:

Rectification entries are passed in _____

- Journal Proper
- Ledger
- Balance sheet
- Cash Book

SOLUTION

Rectification entries are passed in **Journal Proper.**

Exercise 3 | Q 2 | Page 267

QUESTION

Select the most appropriate alternative from those given below and rewrite the sentence:

The type of error for which journal entry is always required for rectification _____

- over casting
- one sided error
- under casting
- two sided error

SOLUTION

The type of error for which journal entry is always required for rectification **two sided error**.

Exercise 3 | Q 3 | Page 267

QUESTION

Select the most appropriate alternative from those given below and rewrite the sentence:

Errors occurred due to wrong posting are called as errors of _____

- principle
- commission
- compensating
- omission

SOLUTION

Errors occurred due to wrong posting are called as errors of **commission**.

Exercise 3 | Q 4 | Page 267

QUESTION

Select the most appropriate alternative from those given below and rewrite the sentence:

If transaction is totally omitted from the Books, it is called _____

- Error of recording
- Error of omission



- Error of principle
- Error of commission

SOLUTION

If transaction is totally omitted from the Books, it is called **Error of omission**.

Exercise 3 | Q 5 | Page 267

QUESTION

Select the most appropriate alternative from those given below and rewrite the sentence:

Suspense Account is opened when _____ does not tally

- Balance sheet
- Trading account
- Profit and Loss
- Trial Balance

SOLUTION

Suspense Account is opened when **Trial Balance** does not tally

EXERCISE 4 [PAGE 267]

Exercise 4 | Q 1 | Page 267

QUESTION

State whether the following statement is True or False with reason:

Trial Balance is prepared from the balance of ledger accounts.

- True
- False

SOLUTION

This statement is True.

Basic aim of preparing a trial balance is to check arithmetic accuracy of transactions recorded in a journal, posting them into the ledger and balancing of the ledger accounts.

Exercise 4 | Q 2 | Page 267



QUESTION

State whether the following statement is True or False with reason:

A Trial Balance can agree in spite of certain errors.

- True
- False

Solution

This statement is True.

Certain errors, like Error of Complete omission, Error of principle, or Compensating error, due to which a trial balance can agree because there are two sided errors.

Exercise 4 | Q 3 | Page 267

QUESTION

State whether the following statement is True or False with reason:

Rectification entries are passed in Cash Book.

- True
- False

Solution

This statement is False.

In a special subsidiary book known as journal proper, rectification entries are to be passed.

Exercise 4 | Q 4 | Page 267

QUESTION

State whether the following statement is True or False with reason:

There is no need to open a Suspense Account if the Trial Balance agrees.

- True
- False

Solution

This statement is True.

When the trial balance agrees, it means debit side total is equal to the credit side total of balances of Ledger accounts. So, we can say that there is no need to open a Suspense Account if the trial balance agrees.

Exercise 4 | Q 5 | Page 267

QUESTION

State whether the following statement is True or False with reason:

All the errors can be rectified only through Suspense Account.

- True
- False

Solution

This statement is False.

When the debit side total is not equal to the credit side total of balances of ledger accounts, one side errors are identified and its rectification is completed through suspense account. So, we can say that all the errors can't be rectified only through suspense account.

EXERCISE 5 [PAGES 267 - 268]

Exercise 5 | Q 1 | Page 267

QUESTION

Do you agree or disagree with the following statement:

The unintentional omission or commission of amounts and accounts while recording the transactions are known as an error.

- Agree
- Disagree

Solution

The unintentional omission or commission of amounts and accounts while recording the transactions are known as an error. - **Agree**

Exercise 5 | Q 2 | Page 267

QUESTION

Do you agree or disagree with the following statement:



The errors committed due to wrong recording, wrong posting, wrong totalling, wrong balancing, wrong calculations are known as Arithmetical errors.

- Agree
- Disagree

Solution

The errors committed due to wrong recording, wrong posting, wrong totalling, wrong balancing, wrong calculations are known as Arithmetical errors. - **Disagree**

Exercise 5 | Q 3 | Page 267

QUESTION

Do you agree or disagree with the following statement:

When one or more debit errors happen to equal one or more credit errors it is said to be a Compensating error.

- Agree
- Disagree

Solution

Exercise 5 | Q 4 | Page 268

QUESTION

Do you agree or disagree with the following statement:

The agreement of Trial balance is not affected when a transaction is not recorded at all in the original Books.

- Agree
- Disagree

SOLUTION

Exercise 5 | Q 5 | Page 268

Do you agree or disagree with the following statement:

When a transaction is not recorded according to the principles of accounting it is known as Compensating errors.

- Agree
- Disagree



SOLUTION

When a transaction is not recorded according to the principles of accounting it is known as Compensating errors. - **Disagree**

EXERCISE 6 [PAGE 268]

Exercise 6 | Q 1 | Page 268

QUESTION

Complete the following sentence:

_____ is assured only when there are no errors in the books of accounts.

SOLUTION

Accuracy is assured only when there are no errors in the books of accounts.

Exercise 6 | Q 2 | Page 268

QUESTION

Complete the following sentence:

Transactions recorded in contravention of the accounting principles are known as _____

SOLUTION

Exercise 6 | Q 3 | Page 268

QUESTION

Complete the following sentence:

_____ entry depends generally on when the error is detected.

SOLUTION

Rectifying entry depends generally on when the error is detected.

Exercise 6 | Q 4 | Page 268

QUESTION

Complete the following sentence:

Temporary account opened to rectify the entry is known as _____

SOLUTION

Temporary account opened to rectify the entry is known as **Suspense Account**.



QUESTION

Complete the following sentence:

Errors are caused due to _____ recording of transactions.

SOLUTION

Errors are caused due to **wrong** recording of transactions.