

Chapter - 6 Trial Balance and Rectification of Errors

Question 1

Define trial balance.

Answer: A trial balance is a worksheet record book that reflects the debit and credit balance of all the registered accounts. This worksheet statement is used to prepare the final account report of the company. Trial balance also determines the accuracy of the account. However, it doesn't ensure that the account is error-free but surely gives mathematical precision.

Question 2

Explain two objectives of preparing a trial balance

Answer: The two objectives of preparing a trial balance

- To determine the financial accuracy of the ledger accounts
- To help in finding an error

Question 3

Select the correct error that is revealed by the Trial balance

1. The wrong amount entered in to book of original entry
2. The wrong amount posted in the ledger account
3. The complete omission of an entry from the book of an original entry
4. None of the above

Answer: The wrong amount posted in the ledger account

Question 4

In Trial balance which item is showed as a debit balance

1. Purchase Return
2. Outstanding Salary
3. Sales
4. Prepaid Expenses

Answer: Prepaid Expenses

Question 5

Which of the commission is not an error

1. A sale of ₹660 not recorded in a book at all
2. Rent paid to the landlord but not posted to his account
3. A purchase of ₹ 990 was wrongly recorded to sales account
4. Credited Ram instead of crediting Arjun

Answer: A sale of ₹660 not recorded in a book at all

Question 6

The trial balance is not affected by which errors?

1. Wrong balancing of an account
2. Wrong totaling of an account
3. The omission of an account from the trial balance
4. Writing of an amount in the wrong account but correct side

Answer: Writing of an amount in the wrong account but correct side

Question 7

Received ₹20,000 from Anu and credited to Paras account. It is an error of.

1. Principal
2. Omission
3. Commission
4. Compensatory

Answer: Commission

Question 8

State the error of principle from the following options.

1. The purchased book was overcast by ₹500
2. Credit sale to Arun ₹700 recorded as a purchase from Arun
3. Good returned to Chetna ₹4,000 posted in Chiru A/c
4. For installation of machinery, wages were paid to the wages A/c

Answer: For installation of machinery, wages were paid to the wages A/c

Question 10

State the error of principle from the following options.

1. The purchased book was overcast by ₹500

2. Credit sale to Arun ₹700 recorded as a purchase from Arun
3. Good returned to Chetna ₹4,000 posted in Chiru A/c
4. For installation of machinery, wages were paid to the wages A/c

Answer: For installation of machinery, wages were paid to the wages A/c

Question 11

A piece of machinery equipment was purchased for ₹10,000 which was wrongly recorded in purchase account. Due to which error?

1. Trial balance will show a difference of ₹10,000
2. Trial balance will not show any difference
3. Trial balance will show a difference of ₹20,000
4. Trial balance will show a difference of ₹5,000

Answer: Trial balance will not show any difference

Question 12

While preparing a Trial balance which error cannot be disclosed.

Answer: While preparing a Trial balance which error cannot be disclosed is.

- Error of Omission
- Error of Commission

Question 13

State one example of an error of commission

Answer: Purchase of goods for ₹5,000 entered in the purchase book as ₹500.

Question 14

Define a compensating error.

Answer: A compensating error can be defined as when one error compensates or neutralizes the other error.

Question 15

Give an example of principal error

Answer: When a purchase of furniture is debited to purchase account instead of a furniture account.