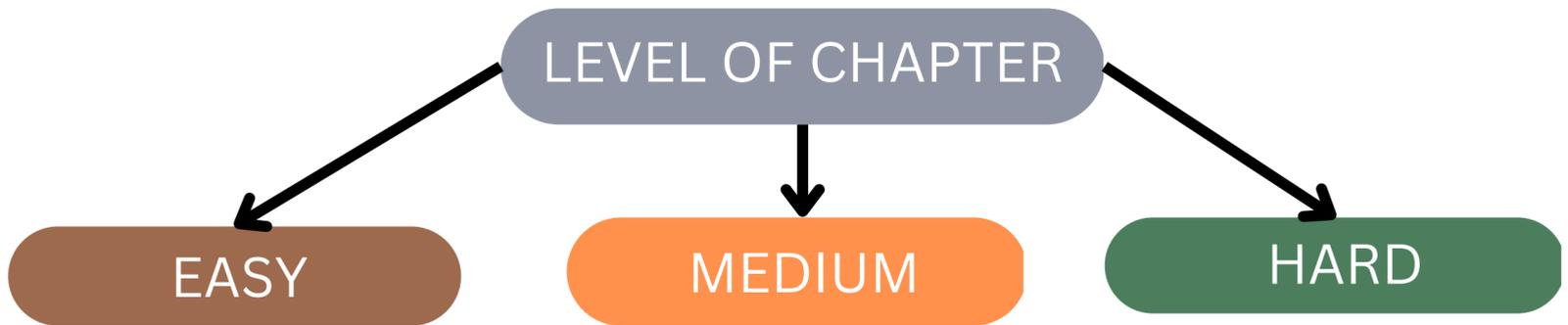


# RECTIFICATION OF ERRORS

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# RECTIFICATION OF ERROR

Rectification of errors means adjusting/correcting the errors done in accounting. Errors are unintentional mistakes which can be found at any stage of accounting .

The way error will be rectified depends upon the stage at which the error is detected .

The Error can be found :-

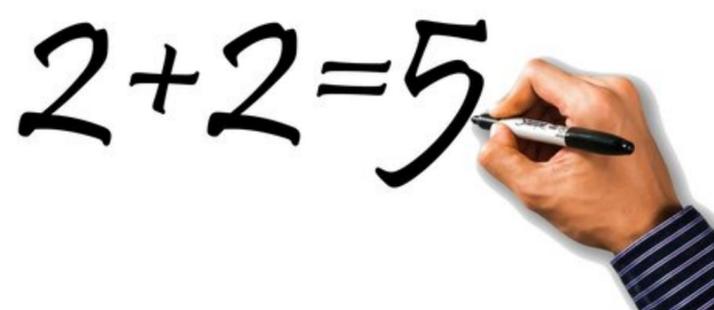
- (i) Before preparing Trial Balance
- (ii) After preparing trial Balance Before Financial Statements
- (iii) After preparing financial statements i.e. In next accounting year.

The types of error can be classified into the following categories :-

- (a) One sided error / Error which affects the trial balance.
- (b) Double sided error / Error which do not affect the trial balance.

The further classification can be done into :-

- (i) Errors of Commission.
- (ii) Errors of Omission.
- (iii) Principle errors.
- (iv) Compensating errors.



## Notes :-

1. Double sided error will not affect the trial balance only if the error has affected both debits and credits with equal amounts in the same direction. therefore, general rule that error affecting 2 accounts with equal amounts can always be corrected by a double entry is not always valid .

2. If the error is detected before preparation of trial balance, then it has to be checked that double entry is possible for rectification or not. If double entry is not possible, then correction will be made in the ledger itself and answer will be given in the form of a line.

3. If the error is one sided error , then correction of error at the stage before preparing trial balance is not possible , correct the ledger itself.

4. The suspense account is opened when the trial balance does not tally after all the efforts and financial statements get delayed. In such a case, difference in trial balance on either side is transferred to suspense account.

5. If error is detected after opening suspense a/c but before preparation of financial statements, then rectification is done by reversing the suspense account and using the concerned account to complete the double entry. But if error is detected in the next accounting year, then income or expense account will be rectified by using P/L Adjustment A/C.

6. If any error do not affect trial balance, then rectification entry at first two stages will be same.

7. If any error do not affect trial balance and such error is not related to income or expenditure account , then rectification at all the three stages will be the same.

8. If only debit or only credit related to different account is affected with equal amounts but in opposite directions ,then also trial balance will remain tallied . It would also be a double sided error.

**RECTIFICATION CHART****ERROR GIVEN IN QUESTION**

**Check D/E Possible or Not**

**DR. & CR. affected - Same Amount Same Direction. OR**

**DR. affected in opposite directions with same amount. OR**

**CR. affected in opposite directions with same amount.**

**D/E Possible**

**First stage - Pass Rectification entry**

**Rectification at second stage will also be**

**Rectification at third stage will also be same .**

**Just use P&L adjustment A/C in place of**

**income/s and expense/s A/Cs.**

**D/E Not possible**

**First Stage - Correct Ledger/s itself**

**Journal entry is passed .**

**Rectification at second stage -**

**Copy one aspect from above stage and use**

**suspense A/C for other aspect.**

**Rectification at third stage will also be Same as**

**Second stage . Just use P&l adjustment A/C in**

**place of income/s and expense/s A/Cs.**

**Note :- General Rule that Error affecting two accounts can always be corrected with the help of a Journal Entry is not always valid.**

**1. Credit Purchases From Mr. A Rs. 10000 Entered in Purchase Book as Rs. 11000.**

**(a) Stage of error - At subsidiary book .**

**(b) Type of error - Error of Commission [ Double sided error]**

**(c) Trial balance - Will remain tallied.**

**(d) Rectification**

**Before Preparation of Trial Balance**

**A A/C Dr. 1000**

**To Purchase A/C 1000**

**After Trial Balance Before Financial Statements**

**[ Thakur stage ]**

**A A/C Dr. 1000**

**To purchase A/C**

**After Financial Statements i.e In next Year**

**A A/C Dr. 1000**

**To P&L Adjustment A/C 1000**

**2. Credit Sales to Mr. Y Rs. 20000 less 10 % trade discount i.e net sales Rs. 18000 wrongly recorded in sales day book at Rs. 20000.**

**(a) Stage of error - At subsidiary book .**

**(b) Type of error - Error of Commission [ Double sided error]**

**(c) Trial balance - Will remain tallied.**

**(d) Rectification**

**Before Preparation of Trial Balance**

**Sales A/C Dr. 2000**

**After Trial Balance Before Financial Statements**

**[ Thakur stage ]**

**Sales A/C Dr. 2000**

**To Mr. Y A/C 2000**

**After Financial Statements i.e In next Year**

**P & L Adjustment A/C Dr. 2000**

**To Mr. Y A/C 2000**

**3. For the month Of January 2020, total of credit sales in sales book are Rs. 175000 and wrongly totalled as Rs.**

**(a) Stage of error - At subsidiary book .**

**(b) Type of error - Error of Commission [ one sided error]**

**(c) Trial balance - Will not tally**

**(d) Rectification**

**Before Preparation of Trial Balance = Error will be corrected by debiting Sales A/C with Rs. 10000 as**

**" To Wrong totalling of sales book "**

**After Trial Balance Before Financial Statements [ Thakur stage ]**

**Sales A/C Dr. 10000**

**To Suspense A/C 10000**

**After Financial Statements i.e In next Year**

**P&L Adjustment A/C Dr. 10000**

**To Suspense A/C 10000**

**4. Purchases made from Mr. A Rs. 8000 entered in Purchase book on A's name but wrongly posted to B's A/C.**

**(a) Stage of error - While posting to ledger.**

**(b) Type of error - Error of Commission [ Double sided error]**

**(c) Trial balance - Will remain tallied.**

**(d) Rectification**

**Before Preparation of Trial Balance**

**B A/C Dr. 8000**

**To A A/C 8000**

**After Trial Balance Before Financial Statements [ Thakur stage ]**

**B A/C Dr. 8000**

**To A A/C 8000**

**After Financial Statements i.e In next Year**

**B A/C Dr. 8000**

**To A A/C 8000**

**5. Purchase made from MR.A 5000 entered in Purchase book on A's name but wrongly entered on other side of A's A/C.**

**(a) Stage of error - While posting to ledger.**

**(b) Type of error - Error of Commission [ One sided error]**

**(c) Trial balance - Will not tally.**

**(d) Rectification**

**Before Preparation of Trial Balance = Error will be corrected by crediting A A/C with Rs. 10000**

**"By posting on wrong side"**

**After Trial Balance Before Financial Statements [ Thakur stage ] =**

**Suspense A/C Dr. 10000**

**To A A/C 10000**

**After Financial Statements i.e In next Year =**

**Suspense A/C Dr. 10000**

**To A A/C 10000**

**6. Mr. A , a creditor's A/C is balanced short by Rs. 10000.**

**(a) Stage of error - While balancing the ledger.**

**(b) Type of error - Error of Commission [ One sided error]**

**(c) Trial balance - Will not tally**

**(d) Rectification**

**Before Preparation of Trial Balance = Error will be corrected by crediting Mr. A's A/C with Rs. 10000 as**

**"By Wrong balancing"**

**After Trial Balance Before Financial Statements [ Thakur stage ] =**

**Suspense A/C Dr. 10000**

**To Mr. A A/C 10000**

**After Financial Statements i.e In next Year =**

**Suspense A/C Dr. 10000**

**To Mr. A A/C 10000**

**7. Purchase made from Bhuvan Rs. 8000 omitted to be recorded.**

**(a) Stage of error - At subsidiary book / Journal**

**(b) Type of error - Error of Complete Omission [ Double sided error]**

**(c) Trial balance - Will remain tallied.**

**(d) Rectification**

**Before Preparation of Trial Balance = Purchase A/C Dr. 8000**

**To Bhuvan A/C 8000**

**After Trial Balance Before Financial Statements =**

**Purchase A/C Dr. 8000**

**[ Thakur stage ] To Bhuvan A/C 8000**

**After Financial Statements i.e In next Year =**

**P&L Adjustment A/C Dr. 8000**

**To Bhuvan A/C 8000**

**8. Purchase made from Bhuvan Rs. 8000 omitted to be posted to Bhuvan's A/C.**

**(a) Stage of error - At subsidiary book / Journal**

**(b) Type of error - Error of Partial Omission [ one sided error]**

**(c) Trial balance - Will not tally.**

**(d) Rectification**

**Before Preparation of Trial Balance = Error will be corrected by crediting Bhuvan A/C with Rs.8000 as**

**"By omission in posting"**

**After Trial Balance Before Financial Statements =**

**Suspense A/C Dr. 8000**

**[ Thakur stage ] To Bhuvan A/C 8000**

**After Financial Statements i.e In next Year =**

**Suspense A/C Dr. 8000**

**To Bhuvan A/C 8000**

**9. (i) Purchase of machinery Rs. 50000 is debited to purchase A/C.**

**(a) Stage of error - At Journal**

**(b) Type of error - Principle Error .**

**(c) Trial balance - Will remain tallied.**

**(d) Rectification**

**Before Preparation of Trial Balance =**

**Machinery A/C Dr. 50000**

**To Purchase A/C 50000**

**After Trial Balance Before Financial Statements =**

**Machinery A/C Dr. 50000**

**[ Thakur stage ] To Purchase A/C 50000**

**After Financial Statements i.e In next Year =**

**Machinery A/C dr. 50000**

**To P&L Adjustment A/C**

**9. (ii) Repairs of Machinery 4000 debited to Machinery A/C.**

**(a) Stage of error - At Journal**

**(b) Type of error - Principle Error.**

**(c) Trial balance - Will remain tallied.**

**(d) Rectification**

**Before Preparation of Trial Balance =**

**Repairs A/C Dr. 4000**

**To Machinery A/C 4000**

**After Trial Balance Before Financial Statements =**

**Repairs A/C Dr. 4000**

**[ Thakur stage ] To Machinery A/C 4000**

**After Financial Statements i.e In next Year =**

**P&L Adjustment A/C Dr. 4000**

**To Machinery A/C 4000**

**10. Goods are Purchased on credit from M/S Saurabh & co. for 10000 and from M/S Gaurav & co. Rs. 1000**

- (a) Stage of error - At subsidiary book .**
- (b) Type of error - Compensating Error.**
- (c) Trial balance - Will remain tallied.**
- (d) Rectification**

**Before Preparation of Trial Balance =**

**Gaurav A/C dr. 9000**

**To Saurav A/C 9000**

**After Trial Balance Before Financial Statements =**

**Gaurav A/C Dr. 9000**

**[ Thakur stage ] To Saurav A/C 9000**

**After Financial Statements i.e In next Year =**

**Gaurav A/C Dr. 9000**

**To Saurav A/C 9000**

**11. Following credit purchases have been made by Mr. Galti Ram :-**

**Jan.11 Purchases from S & Co. 200000 LESS 1% Trade discount**

**Jan.16 Purchases from S & Co. 120000 LESS 1% Trade discount**

**And M/S S& co. A/C Wrongly totalled short by 6800.**

- (a) Stage of error - At the time of balancing the account.**
- (b) Type of error - Error of Commission [ One sided error]**
- (c) Trial balance - Will not tally.**
- (d) Rectification**

**Before Preparation of Trial Balance = Error will be corrected by crediting S&co.s A/C with Rs. 6800 as**

**"By Wrong totalling"**

**After Trial Balance Before Financial Statements =**

**Suspense A/C Dr. 6800**

**[ Thakur stage ] To S&Co. A/C 6800**

**After Financial Statements i.e In next Year =**

**Supense A/C Dr.6800**

**To S&Co. A/C 6800**

**12. While posting discount column on Dr. side of cash book , discount allowed to Ramesh Rs. 10 has not been posted to Ramesh A/C.**

**(a) Stage of error - While posting to ledger.**

**(b) Type of error - Error of Partial Omission [One sided Error]**

**(c) Trial balance - Will not tally.**

**(d) Rectification**

**Before Preparation of Trial Balance = Error will be corrected by crediting Ramesh A/C with Rs.10**

**as " By omission in posting"**

**After Trial Balance Before Financial Statements =**

**Suspense A/C Dr. 10**

**[ Thakur stage ] To Ramesh A/C 10**

**After Financial Statements i.e In next Year =**

**Suspense A/C Dr.10**

**To Ramesh A/C 10**

**13. Rs. 100 Received from Laxman has been entered by mistake on debit side of his A/C.**

**(a) Stage of error - While posting .**

**(b) Type of error - Error of Commission [ One sided error]**

**(c) Trial balance - Will not tally.**

**(d) Rectification**

**Before Preparation of Trial Balance = Error will be corrected by crediting Laxman A/C with Rs.200 as**

**"By posting on wrong side"**

**After Trial Balance Before Financial Statements =**

**Suspense A/C Dr. 200**

**[ Thakur stage ] To Laxman A/C 200**

**After Financial Statements i.e In next Year =**

**Suspense A/C Dr. 200**

**To Laxman A/C 200**

**14. Cheque issued Rs. 10000 wrongly entered in the credit of bank column as Rs. 1000 only.**

**(a) Stage of error - While preparing Cash Book.**

**(b) Type of error - Error of Commission [ One sided error]**

**(c) Trial balance - Will not tally.**

**(d) Rectification**

**Before Preparation of Trial Balance = Error will be corrected by crediting Bank A/C with Rs. 9000 as " By short posting"**

**After Trial Balance Before Financial Statements =  
Suspense A/C dr. 9000  
[ Thakur stage ] To Bank A/C 9000**

**After Financial Statements i.e In next Year =  
Suspense A/C Dr. 9000  
To Bank A/C 9000**

**15. Rs. 100 received from Yogesh and entered on debit side of cash book but not posted to Yogesh A/C.**

**(a) Stage of error - While posting to ledger.**

**(b) Type of error - Error of Partial Omission [One sided Error ]**

**(c) Trial balance - Will not tally.**

**(d) Rectification**

**Before Preparation of Trial Balance = Error will be corrected by crediting Yogesh A/C with Rs.100 as "By omission in posting"**

**After Trial Balance Before Financial Statements =  
Suspense A/C Dr. 100  
[ Thakur stage ] To Yogesh A/C 100**

**After Financial Statements i.e In next Year =  
Suspense A/C Dr. 100  
To Yogesh A/C 100**

**16. Rs. 51 paid to shyam has been posted as Rs. 15 to debit of his A/C.**

- (a) Stage of error - While posting to ledger.**
- (b) Type of error - Error of Commission [ One sided error]**
- (c) Trial balance - Will not tally.**
- (d) Rectification**

**Before Preparation of Trial Balance = Error will be corrected by debiting shyam A/C with Rs. 36 as "To short posting"**

**After Trial Balance Before Financial Statements =  
Shyam A/C Dr. 36  
[ Thakur stage ] To suspense A/C 36**

**After Financial Statements i.e In next Year =  
Shyam A/C Dr. 36  
To suspense A/C 36**

**17. Goods sold to Deepak 2000 was wrongly posted from sales day book to debit of purchase A/C .**

- (a) Stage of error - While posting to ledger.**
- (b) Type of error - Error of Commission [ Double sided error]**
- (c) Trial balance - Will not tally.**
- (d) Rectification**

**Before Preparation of Trial Balance = Error will be corrected by Crediting Sales and Purchase A/C both With Rs.2000 each as " By wrong posting"**

**After Trial Balance Before Financial Statements =  
Suspense A/C Dr. 4000  
[ Thakur stage ] To Sales A/C 2000  
To purchase A/C 2000**

**After Financial Statements i.e In next Year =  
Suspense A/C Dr. 4000  
To P&L Adjustment A/C 4000**

**18. B/R From MR. X of Rs. 250 was posted to credit of B/P A/C.**

- (a) Stage of error - While posting to Ledger.**
- (b) Type of error - Error of Commission [ Double sided error]**
- (c) Trial balance - Will not tally.**
- (d) Rectification**

**Before Preparation of Trial Balance = Error will be corrected by Debiting both B/P and B/R A/c with Rs.250 each as "To posting to wrong account"**

**After Trial Balance Before Financial Statements =**

**B/P A/C Dr. 250  
[ Thakur stage ] B/R A/C Dr. 250  
To suspense A/C 500**

**After Financial Statements i.e In next Year =**

**B/P A/C Dr. 250  
B/R A/C Dr. 250  
To Suspense A/C 500**

**19. Goods Purchased from Vinod for Rs. 1000 was wrongly credited to Vimal A/C by Rs. 100**

- (a) Stage of error - While preparing Journal / posting to ledger .**
- (b) Type of error - Error of Commission [ Double sided error ]**
- (c) Trial balance - Will not tally.**
- (d) Rectification**

**Before Preparation of Trial Balance = Error will be corrected by debiting Vimal A/C with 100 and Crediting Vinod A/C with Rs. 1000 as "Posting to wrongA/C"**

**After Trial Balance Before Financial Statements =**

**Vimal A/C Dr.100  
[ Thakur stage ] Suspense A/C Dr. 900  
To Vinod A/C 1000**

**After Financial Statements i.e In next Year =**

**Vimal A/C Dr. 100  
Suspense A/C Dr. 900  
To Vinod A/C 1000**

**18. B/R From MR. X of Rs. 250 was posted to credit of B/P A/C.**

- (a) Stage of error - While posting to Ledger.**
- (b) Type of error - Error of Commission [ Double sided error]**
- (c) Trial balance - Will not tally.**
- (d) Rectification**

**Before Preparation of Trial Balance = Error will be corrected by Debiting both B/P and B/R A/c with Rs.250 each as "To posting to wrong account"**

**After Trial Balance Before Financial Statements =**

**B/P A/C Dr. 250  
[ Thakur stage ] B/R A/C Dr. 250  
To suspense A/C 500**

**After Financial Statements i.e In next Year =**

**B/P A/C Dr. 250  
B/R A/C Dr. 250  
To Suspense A/C 500**

**19. Goods Purchased from Vinod for Rs. 1000 was wrongly credited to Vimal A/C by Rs. 100**

- (a) Stage of error - While preparing Journal / posting to ledger .**
- (b) Type of error - Error of Commission [ Double sided error ]**
- (c) Trial balance - Will not tally.**
- (d) Rectification**

**Before Preparation of Trial Balance = Error will be corrected by debiting Vimal A/C with 100 and Crediting Vinod A/C with Rs. 1000 as "Posting to wrongA/C"**

**After Trial Balance Before Financial Statements =**

**Vimal A/C Dr.100  
[ Thakur stage ] Suspense A/C Dr. 900  
To Vinod A/C 1000**

**After Financial Statements i.e In next Year =**

**Vimal A/C Dr. 100  
Suspense A/C Dr. 900  
To Vinod A/C 1000**