	Resource 2				
1	Topic	Rectification of Errors- Worksheet			
2	Subject	Accountancy			
3	Topic connected which area	Trail Balance and Rectification of Errors			
4	Class/ Level	XI			
5	Objective	 Understand the process of locating errors in the preparation of financial statements of a business concern. Identification and Rectification of errors. 			
6	Summary	It is very important for any accountant that the Trial balance should tally. Normally a tallied trial balance means that both the debit and credit entries have been made correctly for each business transaction. But, the agreement of trial balance is not an absolute proof of accuracy of accounting records. It only signifies the arithmetic accuracy of the posting to the ledger, but do not guarantee the correctness of the entry, <i>per se</i> . There may exist errors caused inadvertently by an accountant which may or may not affect the agreement of a Trial Balance.			
		This worksheet will give you the practice on identifying such errors, their effect on Trial balance, Profit and Loss account and the Balance Sheet. Worksheet will help you understand the complete process of rectification of errors in holistic manner.			
7	Key Words	Trial Balance, Errors, rectification of Errors, Financial Statements			
8	Team of content persons	Shipra Vaidya			
9	Subject Coordinator	Shipra Vaidya			
10	CIET Coordinator				

Study the given cases carefully.

In each of the following case:

- i. State the wrong entry passed in the book of accounts.
- ii. Effect of wrong entry on the Trial balance.
- iii. Effect of wrong entry on Profit and Loss Account and the Balance sheet.
- iv. Record the Rectifying entry to the case.
- **Case 1:** Accountant treated the sale of old newspaper as sale of goods.

Wrong Entry	Wrong Entry recorded in the book of accounts						
Debit:	a/c	Rupees					
[Narration	Credit:	a/c	Rupees				
Effect of Trial	balance		Effect on Profit and Loss Account	Effect on Balance Sheet			
	This is an Error of						
Correct Entry	should have b	oeen					
Debit:	a/c	Rupees					
[Narration	Credit:	a/c	Rupees]				
Write the rectifying entry							
Debit:	a/c	Rupees					
[Narration	Credit:	a/c	Rupees]				

Case 2: Accountant posted cash received from Kareem Rs. 16,000 to the account of Nadeem

Wrong Entry recorded in the bo	ook of accounts				
_ , ,	_				
Debit:a/c	Rupees				
Credit:	a/c	Rupees			
[Narration		1			
Effect of Trial balance		Effect on Profit and Loss Account	Effect on Balance Sheet		
Iti	s an Error of				
Correct Entry should have been					
Debit: a/c	Rupees				
,	_				
Credit:	a/c	Rupees			
Write the rectifying entry					
	Rupees				
·	-				
Credit:	a/c	Rupees			
[Narrauon					
Case 3: Accountant faile	ed to record Go	oods bought from Chawla amounting to Rs. 56	,000		
Wrong Entry recorded in the book of accounts					
Debit:a/c	Rupees				
Credit:	2/6	Rupees			
[Narration	a/c	Nupces			
Effect of Trial balance		Effect on Profit and Loss Account	Effect on Balance Sheet		

	It is an Error of			
Correct Entry should have	been			
Debit:a/c	Rupees			
Credit: _ [Narration	a/c	Rupees		
Write the rectifying entry				
Debit:a/c	Rupees			
Credit: _ [Narration	a/c	Rupees		
		s to Radhika Rs. 15,000 as receipt of Commis	sion in the cash book	
Wrong Entry recorded in	the book of accounts	5		
Debit:a/c	Rupees			
Credit: _ [Narration	a/c	Rupees		
Effect of Trial balance		Effect on Profit and Loss Account	Effect on Balance Sheet	
	It is an Error of			
Correct Entry should have been				
Debit:a/c	Rupees			
Credit: _ [Narration	a/c	Rupees		

Debit:a/c Rupees Credit:a/c Rupees Narration	Write the rectifying entry					
Case 5: Accountant posted Sales Return from Megha Rs. 1,600 to her account as Rs. 1,000 Wrong Entry recorded in the book of accounts Debit:a/c Rupees Credit:a/c Rupees [Narration	Debit:	a/c	Rupees			
Case 5: Accountant posted Sales Return from Megha Rs. 1,600 to her account as Rs. 1,000 Wrong Entry recorded in the book of accounts Debit:a/c Rupees Credit:a/c Rupees It is an Error of It is an Error of Correct Entry should have been Debit:a/c Rupees Credit:a/c Rupees Credit:a/c Rupees Write the rectifying entry Debit:a/c Rupees Credit:a/c Rupees Accountant debited the rent of owner's house tot eh Rent account	[Narration	Credit:	a/c	Rupees		
Wrong Entry recorded in the book of accounts Debit:a/c Rupees Credit:a/c Rupees [Narration						
Debit:a/c Rupees Credit:a/c Rupees [Narration	Case 5:	Accountant	posted Sales Ret	urn from Megha Rs. 1,600 to her account as Rs. 1	1,000	
Credit:a/c Rupees Effect of Trial balance	Wrong Entry	recorded in the	e book of account	rs ·		
Effect of Trial balance Effect on Profit and Loss Account Effect on Balance Sheet	Debit:	a/c	Rupees			
Effect of Trial balance Effect on Profit and Loss Account	[Narration	Credit:	a/c	Rupees		
It is an Error of Correct Entry should have been Debit:a/c Rupees Credit:a/c Rupees [Narration] Write the rectifying entry Debit:a/c Rupees Credit:a/c Rupees [Narration] Case 6: Accountant debited the rent of owner's house tot eh Rent account		balance		Effect on Profit and Loss Account	Effect on Balance Sheet	
Correct Entry should have been Debit:a/c Rupees Credit:a/c Rupees [Narration] Write the rectifying entry Debit:a/c Rupees Credit:a/c Rupees [Narration] Credit:a/c Rupees [Narration]	211000 01 1110	<u> </u>		2000 000 1 1000 000 2000 1000 0000	Bridge on Balance onco.	
Correct Entry should have been Debit:a/c Rupees Credit:a/c Rupees [Narration] Write the rectifying entry Debit:a/c Rupees Credit:a/c Rupees [Narration] Credit:a/c Rupees [Narration]						
Debit:a/c Rupees Credit:a/c Rupees [Narration] Write the rectifying entry Debit:a/c Rupees Credit:a/c Rupees [Narration] Case 6: Accountant debited the rent of owner's house tot eh Rent account			It is an Error of			
Credit:a/c Rupees [Narration] Write the rectifying entry Debit:a/c Rupees Credit:a/c Rupees [Narration] Case 6: Accountant debited the rent of owner's house tot eh Rent account	Correct Entry	should have b	een			
Write the rectifying entry Debit:a/c Rupees Credit:a/c Rupees [Narration	Debit:	a/c	Rupees			
Write the rectifying entry Debit:a/c Rupees Credit:a/c Rupees [Narration] Case 6: Accountant debited the rent of owner's house tot eh Rent account	[Narration	Credit:	a/c	1		
Debit:a/c Rupees Credit:a/c Rupees [Narration] Case 6: Accountant debited the rent of owner's house tot eh Rent account		ifying entry				
Case 6: Accountant debited the rent of owner's house tot eh Rent account						
	[Narration	Credit:	a/c	Rupees		
	Case 6:	Accountant	debited the rent	of owner's house tot eh Rent account		
WI ONG ENU Y TECOTUEU III UNE DOOK OF ACCOUNTS						

Debit:	a/c	Rupees		
		a/c	Rupees	
[Narration _		a/ C		
Effect of Tri	al balance		Effect on Profit and Loss Account	Effect on Balance Sheet
		It is an Error of		
	y should have			
Debit:	a/c	Rupees		
[Narration _	Credit: _	a/c	Rupees	
	ctifying entry			
Debit:	a/c	Rupees		
[Narration _	Credit: _	a/c	Rupees	
Case 7:			urchase from Raghu through Sales Book	
Wrong Entr	y recorded in t	he book of accounts		
Debit:	a/c	Rupees		
[Narration _	Credit: _	a/c	Rupees	
Effect of Tri	al balance		Effect on Profit and Loss Account	Effect on Balance Sheet

		It is an Error of				
Correct Entry s	hould have	been				
Debit:	a/c	Rupees				
		•				
	Credit:	a/c	Rupees			
[Narration						
Write the rectif	fying entry					
Debit:		Rupees				
	Credit:	a/c	Rupees			
[Narration						
Case 8:	Accountant	t recorded a return	of Rs. 9,000 to Gujral as Rs. 990 in his account			
Wrong Entry re	ecorded in tl	he book of accounts				
3 7						
Debit:	a/c	Runees				
	, -	pood				
	Credit:	a/c	Rupees			
[Narration		· · · · · · · · · · · · · · · · · · ·				
Effect of Trial b	alance		Effect on Profit and Loss Account	Effect on Balance Sheet		
		It is an Error of				
Correct Entry s	Correct Entry should have been					
Debit:		Rupees				
		1				
	Credit:	a/c	Rupees			
[Narration						
Write the rectif	Write the rectifying entry					

Debit:	a/c	Rupees		
	Cradit	a/c	Dungag	
[Narration	creat: _	a/c	Rupees	
Case 9:	Accountan	t recorded credit sa	lles to Rajni Rs. 5,000 in the purchases book.	
Wrong Entry	recorded in t	he book of accounts		
Debit:	a/c	Rupees		
	Credit: _	a/c	Rupees	
[Narration _		<u>, </u>	I	
Effect of Tria	l balance		Effect on Profit and Loss Account Effect on Balance Sheet	
		It is an Error of		
Correct Entry	should have	been		
Debit:	a/c	Rupees		
	Cradita	a/c	Dungag	
[Narration _	credit: _	a/C	Rupees 1	
Write the rec	tifying entry			
Debit:	a/c	Rupees		
	Cradit	a/c	Rupees	
[Narration	Greatt	a/c	Rupees [
Case 10:	Acc	countant posted cre	edit purchase from Raghu Rs. 20,000 to Raghav's account	
Wrong Entry recorded in the book of accounts				
Debit:	a/c	Rupees		

[Narration		a/c	Rupees		
Effect of Trial	balance		Effect on Profit and Loss Account	Effect on Balance Sheet	
		It is an Error of			
Correct Entry	should have	been			
Debit:	a/c	Rupees			
[Narration	Credit: _	a/c	Rupees]		
Write the rectifying entry					
Debit:	a/c	Rupees			
[Narration	Credit: _	a/c	Rupees		
