

PROBLEMS RECTIFICATION OF ERRORS (1-5)

Problem # 10.1: The following Trial Balance has been drafted by a book keeper for the preparation of final accounts of a Noman Ltd as on December, 2016. Re-draft the correctly

S No.	Heads of Account	Ref	Dr (Rs)	Cr (Rs)
1	Stock on 31 st December, 2016		1,92,100	
2	Capital A/c		13,450	
3	Cash in hand		1,400	
4	Bank overdraft		9,320	
5	Sales			2,36,400
6	Purchases		1,06,400	
7	Returns inward			13,400
8	Returns outward		2,960	
9	Carriage outward		2,360	
10	Carriage inward			14,260
11	Salaries		9,600	
12	Wages		3,660	
13	Sundry Debtors		16,300	
14	Sundry creditors			37,360
15	Stock on 1 st January 2016			94,120
16	Land & buildings		15,000	
17	Plant & Machinery		20,900	
18	Trade Expenses		2,090	
Total			Rs. 395,540	Rs. 395,540

Solution:

S No.	Heads of Account	Ref	Dr (Rs)	Cr (Rs)
1	Capital A/c			
2	Cash in hand			
3	Bank overdraft			
4	Sales			
5	Purchases			
6	Returns inward			
7	Returns outward			
8	Carriage outward			
9	Carriage inward			
10	Salaries			
11	Wages			
12	Sundry Debtors			
13	Sundry creditors			
14	Stock on 1 st January 2016			
15	Land & buildings			
16	Plant & Machinery			
17	Trade Expenses			
Total			Rs. 299,490	Rs. 299,490

Problem # 10.2: Make corrected Trial Balance after anticipating hidden errors for Star Ltd. Financial year for this company is July 1st, 2015 to June 30th, 2016

Abid Siddique

Trial Balance

As on 30th June, 2016

S. No	Heads of Accounts	Ref	Amount (Rs.)	
			Dr	Cr
1	Purchases			35,000
2	Factory Overhead (Applied)			1,000
3	Octroi and Taxes			100
4	Rebate received			500
5	Trade Mark			55,000
6	Sales		80,000	
7	Share Capital			50,000
8	Return Outward			1,600
9	Bills Owed			6,500
10	Carriage Outward			3,700
11	Inventory (1.07.2015)		10,500	
12	Motor Van		25,000	
13	Claims Receivables		1,500	
14	Sundry Debtors		9,000	
15	Return Inward		2,000	
16	Leasehold Premises		3,000	
17	Discount on Sales			2,000
18	Petty Cash		800	
19	Stock (30-06-2016)		33,300	
20	Sundry Creditors		10,000	
21	Suspense Account			19,700
Total			Rs. 175,100	Rs. 175,100

Errors in Trial Balance:

- (i) Machinery bought Rs. 3,000 posted to as Trade Mark account
- (ii) Credit sales of worth Rs. 1,200 was omitted to record in the book of original entry
- (iii) Repairs to Motor Van Rs. 1,500 have been debited to Motor Van account
- (iv) Unearned Sales of Rs. 15,000 was incorrectly credited to Sales Account

Following accounts are used for correction and adjusting the transactions.

Sales; Unearned Sales, Motor Van; Sundry Debtors; Motor Van Expense; Machinery; Trade Mark

Problem # 10.3: Rectify the following errors which are located in the books of Mr. Ahmed at end March, 2017

- i.* Sale of old furniture for Rs. 2,000 treated as sale of goods
ii. Rs. 12,000 paid of salary to cashier Mr. Naeem, stands debited to his personal account
iii. An amount of Rs. 5,000 withdrawn by the proprietor for his personal use has been debited to trade expenses a/c
iv. Cash received from Mr. Bilal Rs. 300 was credited to Mr. Baber
v. Repairs made were debited to building account Rs. 100
vi. Rs. 1,000 received as interest was credited to commission account
vii. Rs. 5,200 paid for the purchase of typewriter was charged to office expenses account

<i>S. No</i>	<i>Wrong Entry / Transaction</i>	<i>Correct Entry</i>	<i>Rectifying Entry</i>
<i>i</i>	Cash 2,000 Sales 2,000	Cash 2,000 Furniture 2,000	
<i>ii</i>	Mr. Naeem 12,000 Cash 12,000	Salary 12,000 Cash 12,000	
<i>iii</i>	Trade expenses 5,000 Cash 5,000	Drawing 5,000 Cash 5,000	
<i>iv</i>	Cash 300 A/R_ Baber 300	Cash 300 A/R_ Bilal 300	
<i>v</i>	Building 100 Cash 100	Repairs 100 Cash 100	
<i>vi</i>	Cash 1,000 Commission 1,000	Cash 1,000 Interest 1,000	
<i>vii</i>	Office expenses 5,200 Cash 5,200	Typewriter 5,200 Cash 5,200	

Problem # 10.4: Give journal entries to rectify the following errors

- i.* Purchase of goods from Mr. Raees amounting to Rs. 25,000 has been wrongly passed through the sales book
- ii.* Credit sale of goods Rs. 30,000 to Mr. Anees has been wrongly passed through the purchases book
- iii.* Sold old furniture for Rs. 3,500 passed through the sales book
- iv.* Paid wages for the construction of Building debited to wages account Rs. 100,000
- v.* The sales book is undercast by Rs. 2,000
- vi.* Paid Rs. 10,000 for the installation of Machinery debited to wages account
- vii.* The purchases book is undercast by Rs. 1,500

<i>S. No</i>	<i>Wrong Entry / Transaction</i>	<i>Correct Entry</i>	<i>Rectifying Entry</i>
<i>i</i>	A/R_ Raees 25,000 Sales 25,000		
<i>ii</i>	Purchases 30,000 A/P_ Anees 30,000		
<i>iii</i>	Cash 3,500 Sales 3,500		
<i>iv</i>	Wages 100,000 Cash 100,000		
<i>v</i>	----		
<i>vi</i>	Wages 10,000 Cash 10,000		
<i>vii</i>	----		

Problem # 10.5: Pass Rectification entries for the following transactions at end January, 2017

1. Purchase of furniture for Rs. 615 passed through Purchase Book
2. The motor car had been purchased for Rs. 3,400. Cash had been correctly credited but Motor Car account had been debited with Rs. 3,140 only
3. Interest on deposits received Rs. 60 had been debited in cash account, but had been not credited to the interest account
4. The balance in the Account Receivable_ Ali Rs. 100 had been written off as bad but no other account had been debited
5. Rs. 7,700 paid for wages to workman for making showcases had been charged to wages account
6. Bill Payable Book overcast by Rs. 500
7. Goods purchased for proprietor's use for Rs. 1,000 was debited to purchase account

General Journal

Date		Account Title and Explanations	Ref	Amount (Rs)	
				Debit	Credit
2017					
<i>Jan</i>	1				
	2				
	3				
	4				
	5				
	6				
	7				
Total				Rs. 10,235	Rs. 10,235