

# RECTIFICATION OF ERRORS

## Problem No. 1

| Date | Particulars                                                                                                        | L.F. | Debit | Credit |
|------|--------------------------------------------------------------------------------------------------------------------|------|-------|--------|
|      |                                                                                                                    |      | Rs.   |        |
| (a)  | Sales Returns A/c<br>To Rashid<br>Being the entry necessary to record the goods returned by him.                   |      | 2000  | 2000   |
| (b)  | Mr. Hamid<br>To Mr. Irshad<br>Being the rectification of the wrong credit given.                                   |      | 3000  | 3000   |
| (c)  | Repairs A/c<br>To Machinery A/c<br>Rectification of the Repairs of Machinery was wrongly debited to Machinery A/c. |      | 1000  | 1000   |
| (d)  | Interest A/c<br>To Commission A/c<br>Commission Received but wrongly credited to interest account rectified.       |      | 125   | 125    |
| (e)  | Furniture A/c<br>To purchases A/c<br>Being the Rectification of Furniture purchased was charges to purchases.      |      | 15000 | 15000  |

## Problem No. 2

| Date | Particulars                                                                                                                                  | L.F. | Debit  | Credit |
|------|----------------------------------------------------------------------------------------------------------------------------------------------|------|--------|--------|
|      |                                                                                                                                              |      | Rs.    | Rs.    |
| (a)  | Drawing A/c<br>To salaries A/c<br>Rectification of the Drawing wrongly charged to salaries Account.                                          |      | 1,000  | 1,000  |
| (b)  | Salaries A/c<br>To Manager personal A/c<br>Rectification of the salaries paid wrongly debited to his Account.                                |      | 500    | 500    |
| (c)  | Plant and Machinery A/c<br>To wages A/c<br>Rectification of the wrong debit given to wages Account.                                          |      | 10,000 | 10,000 |
| (d)  | Sundry creditors A/c<br>To purchases A/c<br>Rectification of the amount paid to creditors have been debited to purchases Account.            |      | 20,000 | 20,000 |
| (e)  | Debtors personal A/c<br>To provision for bad debts A/c<br>Being the Rectification of the wrong credit given to the debtors personal Account. |      | 800    | 800    |

## Problem No. 3

| Date | Particulars                                                                                                     | L.F. | Debit  | Credit |
|------|-----------------------------------------------------------------------------------------------------------------|------|--------|--------|
|      |                                                                                                                 |      | Rs.    |        |
| (a)  | Building A/c<br>To Repairs A/c<br>Capital expenditure wrongly<br>charged to Repairs.                            |      | 30,000 | 30,000 |
| (b)  | Office equipment A/c<br>To Purchases A/c<br>Rectification of the wrong debit<br>given to the purchases Account. |      | 2,000  | 2,000  |
| (c)  | Discount A/c<br>To Reserve A/c<br>Rectification of the wrong debited<br>given to Reserve A/c                    |      | 200    | 200    |
| (d)  | A. Karim<br>To Allowance A/c<br>Rectification of the wrong debit<br>given to allowance Account.                 |      | 1,000  | 1,000  |
| (e)  | Creditors A/c<br>To Purchases A/c<br>Rectification of the wrong debit<br>given to purchases account.            |      | 15,000 | 15,000 |

## Problem No. 4

| Date | Particulars                                                                                                                  | L.F. | Debit      | Credit     |
|------|------------------------------------------------------------------------------------------------------------------------------|------|------------|------------|
| (a)  | Sales a/c<br>To purchase a/c<br>Being the rectification of the wrong credit given to sales account.                          |      | 1,500      | 1,500      |
| (b)  | Purchases a/c<br>Sales a/c<br>To Saleem<br>Being the rectification of the goods purchased wrongly credited to sales account. |      | 500<br>500 | 1,000      |
| (c)  | Karim a/c<br>To Sales a/c<br>To Purchases a/c<br>Being the rectification of the goods sold wrongly debited to purchase a/c   |      | 600        | 300<br>300 |
| (d)  | Sales a/c<br>To plant and machinery a/c<br>Rectification of the wrong credit given to Sales a/c                              |      | 10,000     | 10,000     |
| (e)  | Partner<br>To Customer<br>Rectification of the wrong credit given to partner.                                                |      | 9,000      | 9,000      |

## Problem No. 5

| S. No. | Particulars                                                                                                 | L.F | Debit | Credit |
|--------|-------------------------------------------------------------------------------------------------------------|-----|-------|--------|
| (i)    | Suspense a/c<br>To Sales<br>Rectification of the undercasting of the Sales Book                             |     | 1000  | 1000   |
| (ii)   | Purchases a/c<br>To suspense a/c<br>Rectification of the undercasting of the purchase Book                  |     | 2000  | 2000   |
| (iii)  | Sales a/c<br>To suspense a/c<br>Rectification of the recasting of the Sales Book                            |     | 1500  | 1500   |
| (iv)   | Suspense a/c<br>To Purchases a/c<br>Rectification of the recasting of the purchase Book.                    |     | 4500  | 4500   |
| (v)    | Returns Inwards a/c<br>To Suspense a/c<br>Rectification of the undercasting of the Returns inwards          |     | 2600  | 2600   |
| (vi)   | Suspense a/c<br>To Returns outwards a/c<br>Rectification of the undercasting of the Returns outstanding a/c |     | 3000  | 3000   |
| (vii)  | Suspense a/c<br>To Returns Inwards a/c<br>Rectification of the reacting of the Returns Inwards a/c          |     | 1800  | 1800   |
| (viii) | Returns outwards a/c<br>To Suspense a/c<br>Rectification of the recasting of the returns outwards           |     | 1000  | 1000   |

## Problem No. 6

| Date | Particulars                                                                                               | L.F | Debit      | Credit |
|------|-----------------------------------------------------------------------------------------------------------|-----|------------|--------|
| (a)  | Drawing /c<br>To General expenses A/c<br>Owner's drawings wrongly debited to<br>general expenses Account. |     | Rs.<br>500 | 500    |
| (b)  | Purchases A/c<br>To suspense A/c<br>Rectification of the undercasting of<br>the purchase Journal.         |     | 200        | 200    |
| (c)  | Suspense A/c<br>To wages A/c<br>To Rectify double posting to wages<br>Account.                            |     | 2,200      | 2,200  |
| (d)  | Sales A/c<br>To suspense A/c<br>Rectification of the overcasting of<br>the sales Journal.                 |     | 300        | 300    |
| (e)  | Discount allowed A/c<br>To suspense A/c<br>Rectify under debit discount Account.                          |     | 10         | 10     |
| (f)  | Sales Returns A/c<br>To suspense A/c<br>Carry forward in sales returns<br>Journal was rectified.          |     | 36         | 36     |

## SUSPENSE ACCOUNT

| Particulars      | Rs.   | Particulars          | Rs.   |
|------------------|-------|----------------------|-------|
| To Balance b/d   | 360   | By purchases Account | 200   |
| To Wages Account | 2,200 | By Sales Account     | 300   |
|                  |       | By Discount Account  | 24    |
|                  |       | By Sales Returns     | 36    |
|                  |       | By Balance c/d       | 2,000 |
| Total:           | 2,560 | Total:               | 2,560 |

## Problem No. 7

| Date | Particulars                                                                                                                                            | L.F | Debit        | Credit   |
|------|--------------------------------------------------------------------------------------------------------------------------------------------------------|-----|--------------|----------|
| (a)  | Saleem<br>To Allowance A/c<br>Rectification of the amount of dishonoured cheques was wrongly charged to Allowance Account.                             |     | Rs.<br>1,000 | 1,000    |
| (b)  | Petty cash A/c<br>To suspense A/c<br>Correction of omission of balance Rs. 21                                                                          |     | 21           | 21       |
| (c)  | Repairs A/c<br>To plant and Machinery A/c<br>To Suspense A/c<br>Rectification of Repairs of Rs. 110 debited to plant and Machinery Account as Rs. 110. |     | 110          | 110<br>9 |
| (d)  | Returns Inwards A/c<br>To suspense A/c<br>Rectification of understanding of Returns Inward book.                                                       |     | 50           | 50       |
| (e)  | Suspense A/c<br>To Mr. X<br>Rectification of the purchase of Rs. 1,500 from Mr. X was wrongly debited to him.                                          |     | 300          | 300      |

## SUSPENSE ACCOUNT

|          |       |                        |       |
|----------|-------|------------------------|-------|
| To Mr. X | 3,000 | By difference in books | 2,920 |
|          |       | By petty cash          | 21    |
|          |       | By Repairs Account     | 9     |
|          |       | By Returns Inwards     | 50    |
| Total:   | 3,000 | Total:                 | 3,000 |

## Problem No. 8

| Date  | Particulars                                                                                                                | L.F | Debit  | Credit         |
|-------|----------------------------------------------------------------------------------------------------------------------------|-----|--------|----------------|
|       |                                                                                                                            |     | Rs.    |                |
| (i)   | Salaries A/c<br>To Rent A/c<br>Rectification of wrong debit given to rent account                                          |     | 10,000 | 10,000         |
| (ii)  | Suspense A/c<br>To Discount A/c<br>Rectification of discount Received wrongly debited to discount account                  |     | 200    | 200            |
| (iii) | Furniture A/c<br>To Purchases A/c<br>Rectification of wrong debit given to the purchases account.                          |     | 12,000 | 12,000         |
| (iv)  | Ali<br>To Sales A/c<br>To Purchases A/c<br>Rectification of the goods sold to Ali wrongly debited to the purchases account |     | 2,000  | 1,000<br>1,000 |
| (v)   | Purchases A/c<br>To Suspense A/c<br>Rectification of the undercasting of the purchase a/c.                                 |     | 1,000  | 1,000          |

## Problem No. 9

| S. No. | Particulars                                                                                                       | L.F | Debit | Credit |
|--------|-------------------------------------------------------------------------------------------------------------------|-----|-------|--------|
| (a)    | Drawings A/c<br>To Miscellaneous Exp. A/c<br>Rectification of the wrong debit<br>given to miscellaneous expenses. |     | 50000 | 50000  |
| (b)    | Furniture A/c<br>To Carriage A/c<br>Rectification of the wrong debit<br>given to carriage A/c                     |     | 100   | 100    |
| (c)    | Drawings A/c<br>To Electricity A/c<br>Rectification of the wrong debit<br>given to Electricity A/c                |     | 300   | 300    |
| (d)    | Premises A/c<br>To Furniture A/c<br>Rectification of the wrong debit<br>given to Furniture A/c                    |     | 1000  | 1000   |
| (e)    | Repairs A/c<br>To Manufacturing Wages<br>Rectification of the wrong debit<br>given to Manufacturing A/c           |     | 100   | 1000   |
| (f)    | Debtor A/c<br>To Suspense A/c<br>Rectification of the omission of the<br>customer from the list of the debtor     |     | 1000  | 1000   |
| (g)    | Sales A/c<br>To Suspense A/c<br>Rectification of the omission of the<br>excess credit given to Sales A/c          |     | 18    | 18     |

**Problem No. 10**

| S. No. | Particulars                                                                                                  | L.F | Debit | Credit |
|--------|--------------------------------------------------------------------------------------------------------------|-----|-------|--------|
| (a)    | Sales A/c<br>To Plant and Machinery A/c<br>Rectification of the wrong credit given to Sales A/c              |     | 5000  | 5000   |
| (b)    | Suspense A/c<br>To Mr. Rashid<br>Rectification of the goods purchased from Rashid wrongly debited to his A/c |     | 63    | 63     |
| (c)    | Accrued Interest on Investment A/c<br>To Interest A/c<br>Rectification of the Accrued Interest now recorded  |     | 1000  | 1000   |
| (d)    | Suspense A/c<br>To Discount<br>Discount received posted to the wrong side corrected.                         |     | 200   | 200    |
| (e)    | Kaleem<br>To Karim<br>Rectification of the wrong credit given to Kaleem                                      |     | 2000  | 2000   |
| (f)    | Drawing A/c<br>To Trade Expenses A/c<br>Rectification of the wrong debit given to Trade Expenses A/c.        |     | 2000  | 2000   |

## Problem No. 11

| S. No. | Particulars                                                                                       | L.F | Debit | Credit |
|--------|---------------------------------------------------------------------------------------------------|-----|-------|--------|
| (a)    | Repairs A/c<br>To Building A/c<br>Rectification of the wrong debit<br>given building account.     |     | 2000  | 2000   |
| (b)    | Sales Return A/c<br>To Customer<br>Rectification of the goods returned<br>by customer recorded.   |     | 585   | 585    |
| (c)    | M. Saleem<br>To Suspense A/c<br>Rectification of the Saleem debit<br>balance now recorded         |     | 1930  | 1930   |
| (d)    | Stationery A/c<br>To Suspense A/c<br>Rectification of the less debit govt.<br>stationery.         |     | 140   | 140    |
| (e)    | Sales A/c<br>To Smith A/c<br>Rectification of the wrong credit<br>given to Sales account.         |     | 3000  | 300    |
| (f)    | Suspense A/c<br>To Bank overdraft<br>Rectification of the less credit given<br>to bank overdraft. |     | 10    | 10     |

**Problem No. 12**

| S. No. | Particulars                                                                                     | L.F. | Debit | Credit |
|--------|-------------------------------------------------------------------------------------------------|------|-------|--------|
| (a)    | Creditors A/c<br>To Purchases A/c<br>Purchases account has been wrongly recorded now rectified. |      | 200   | 200    |
| (b)    | Suspense A/c<br>To Sales A/c<br>Sales book has been undercasted.                                |      | 1,100 | 1,100  |
| (c)    | Rahim & sons<br>To Suspense A/c<br>Rahim & sons has been overcasted                             |      | 378   | 378    |
| (d)    | Discount A/c<br>To Cash A/c<br>Amount was wrongly entered in discount column now rectified.     |      | 500   | 500    |
| (e)    | Sales A/c<br>To suspense A/c<br>Sales book was overcastted now rectified.                       |      | 100   | 100    |

**Problem No. 13**

| Date | Particulars                                                                                       | L.F. | Debit      | Credit |
|------|---------------------------------------------------------------------------------------------------|------|------------|--------|
| (a)  | M. Fahad<br>To suspense A/c<br>Rectification of wrong debit by Rs. 50 instead of Rs. 250          |      | Rs.<br>200 | 200    |
| (b)  | Machinery A/c<br>To Purchases A/c<br>Rectification of the wrong debit given to purchases Account. |      | 1,250      | 1,250  |
| (c)  | Suspense A/c<br>To Purchases A/c<br>Purchase book overadded.                                      |      | 400        | 400    |
| (d)  | Sales Return A/c<br>To Suspense A/c<br>Rectification of Sales Return book added Rs. 200 short.    |      | 200        | 200    |

## Effect on Profit

| ITEM | INCREASE     | DECREASE   |
|------|--------------|------------|
| (a)  | —            | —          |
| (b)  | 1,250        | —          |
| (c)  | 400          | —          |
| (d)  | —            | 200        |
|      | <u>1,650</u> | <u>200</u> |

Net Effect = 1650 - 200 = 1450  
 The adjusted Net Profit would be = (27,879 + 1,450) = Rs. 29,320

## Problem No. 14

| S. No. | Particulars                                                                                                   | L.F. | Debit | Credit |
|--------|---------------------------------------------------------------------------------------------------------------|------|-------|--------|
| (a)    | Unexpired Insurance A/c<br>To Insurance A/c<br>Being the amount of Unexpired Insurance taken into account.    |      | 300   | 300    |
| (b)    | Machine A/c<br>To wages A/c<br>Rectification of the Wrong debit given to Wages Account.                       |      | 1,100 | 1,100  |
| (c)    | Reserve for Bad debts A/c<br>To Profit and loss A/c<br>Excess Reserve transferred to Profit and loss Account. |      | 800   | 800    |
| (d)    | Sales Return A/c<br>To Rahim A/c<br>Omission of sales Return Recorded.                                        |      | 500   | 500    |
| (e)    | Drawing A/c<br>To Purchases A/c<br>Rectification of the goods Taken as drawing recorded.                      |      | 700   | 700    |

## Adjust Profit and Loss Account

| ITEM | INCREASE    | DECREASE   |
|------|-------------|------------|
| (a)  | 300         | —          |
| (b)  | 1100        | —          |
| (c)  | 800         | —          |
| (d)  | —           | 500        |
| (e)  | 700         | —          |
|      | <u>2900</u> | <u>500</u> |

Net Increase = 2900 - 500 = 2400  
 Adjusted Profit = 7000 + 2400 = 9400

## Problem No. 15

| S. No. | Particulars                                                                                                | L.F | Debit | Credit |
|--------|------------------------------------------------------------------------------------------------------------|-----|-------|--------|
| (a)    | Sales A/c<br>To Suspense A/c<br>Rectification of the wrong credit given to sales A/c                       |     | 2,000 | 2,000  |
| (b)    | Commission A/c<br>To Suspense A/c<br>Rectification of the commission paid wrongly credit to commission A/c |     | 2,000 | 2,000  |
| (c)    | Suspense A/c<br>To Aleem<br>Rectification of the credit not given to Aleem credited to Aleem A/c           |     | 1,200 | 1,200  |
| (d)    | Purchase A/c<br>To Suspense A/c<br>Rectification of the undercasting of the purchase book                  |     | 3,500 | 3,500  |
| (e)    | Machinery A/c<br>To Wages A/c<br>Rectification of the wrong debit given to wages A/c                       |     | 1,500 | 1,500  |
| (f)    | Sales Returns A/c<br>To Suspense A/c<br>Rectification of the undercasting of the sales returns book        |     | 1,000 | 1,000  |

## Suspense Account

|     |                  |       |     |                  |       |
|-----|------------------|-------|-----|------------------|-------|
| (d) | To Aleem         | 1,200 | (a) | By Sales A/c     | 2,000 |
|     |                  |       | (b) | " Commission A/c | 2,000 |
|     |                  |       | (d) | " Purchase A/c   | 3,500 |
|     | " Difference T.B | 7,300 | (f) | " Sales A/c      | 1,000 |
|     |                  | 8,500 |     |                  | 8,500 |

## Effect On Net Profit After Rectification of Error

| S. No. | Increase In Profit | Decrease In Net Profit |
|--------|--------------------|------------------------|
| (a)    | -----              | 2,000                  |
| (b)    | -----              | 2,000                  |
| (c)    | No Effect          | No Effect              |
| (d)    | -----              | 3,500                  |
| (e)    | 1,500              | -----                  |
| (f)    | -----              | 1,000                  |
|        | 1,500              | 8,500                  |

|                             |            |
|-----------------------------|------------|
| Decrease in Net Profit      | Rs. 7,000  |
| Profit before rectification | Rs. 60,500 |
| Less Net decrease in Profit | Rs. 7,000  |
| Correct Profit              | Rs. 53,500 |