14 RECTIFICATION OF ERRORS

Problem No. 1

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

Problem No. 2

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

Problem No. 3

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

Problem No. 4

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

Problem No. 5

S. No.	Particulars	L.F	Debit	Credit
(i)	Suspense a/c To Sales Rectification of the undercasting of the Sales Book		1000	1000
(ii)	Purchases a/c To suspense a/c Rectification of the undercasting of the purchase Book		2000	2000
(iii)	Sales a/c To suspense a/c Rectification of the recasting of the Sales Book		1500	1500
(iv)	Suspense a/c To Purchases a/c Rectification of the recasting of the purchase Book.		4500	4500
(v)	Returns Inwards a/c To Suspense a/c Rectification of the undercasting of the Returns inwards		2600	2600
(vi)	Suspense a/c To Returns outwards a/c Rectification of the undercasting of the Returns outstanding a/c		3000	3000
(vii)	Suspense a/c To Returns Inwards a/c Rectification of the reacting of the Returns Inwards a/c		1800	1800
(viii)	Returns outwards a/c To Suspense a/c Rectification of the recasting of the returns outwards		1000	10[illegible]

Problem No. 6

Date	Particulars	L.F	Debit	Credit
			Rs.	
(a)	Drawing /c To General expenses A/c Owner's drawings wrongly debited to general expenses Account.		500	500
(b)	Purchases A/c To suspense A/c Rectification of the undrercasting of the purchase Journal.		200	200
(c)	Suspense A/c To wages A/c To Rectify double posting to wages Account.		2,200	2,200
(d)	Sales A/c To suspense A/c Rectification of the overcastting of the sales Journal.		300	300
(e)	Discount allowed A/c To suspense A/c Rectify under debit discount Account.		10	10
(f)	Sales Returns A/c To suspense A/c Carry forward in sales returns 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
			Rs.	
(a)	Saleem		1,000	
	To Allowance A/c			1,000
	Rectification of the amount of dishonoured cheques was wrongly charged to Allowance Account.			
(b)	Petty cash A/c		21	
	To suspense A/c			21
	Correction of omission of balance Rs. 21			
(c)	Repairs A/c		110	
	To plant and Machinery A/c			110
	To Suspense A/c			9
	Rectification of Repairs of Rs. 110 debited to plant and Machinery Account as Rs. 110.			
(d)	Returns Inwards A/c		50	
	To suspense A/c			50
	Rectification of understanding of Returns Inward book.			
(e)	Suspense A/c		300	
	To Mr. X			300
	Rectification of the purchase of Rs. 1,500 from Mr. X was wrongly debited to him.			

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		10,000	
	To Rent A/c			10,000
	Rectification of wrong debit given to rent account			
(ii)	Suspense A/c		200	
	To Discount A/c			200
	Rectification of discount Received wrongly debited to discount account			
(iii)	Furniture A/c		12,000	
	To Purchases A/c			12,000
	Rectification of wrong debit given to the purchases account.			
(iv)	Ali		2,000	
	To Sales A/c			1,000
	To Purchases A/c			1,000
	Rectification of the goods sold to Ali wrongly debited to the purchases account			
(v)	Purchases A/c		1,000	
	To Suspense A/c			1,000
	Rectification of the undercasting of the purchase a/c.			

Problem No. 9

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

Problem No. 10

S. No.	Particulars	L.F	Debit	Credit
(a)	Sales A/c To Plant and Machinery A/c Rectification of the wrong credit given to Sales A/c		5000	5000
(b)	Suspense A/c To Mr. Rashid Rectification of the goods purchased from Rashid wrongly debited to his A/c		63	63
(c)	Accrued Interest on Investment A/c To Interest A/c Rectification of the Accrued Interest now recorded		1000	1000
(d)	Suspense A/'c To Discount Discount received posted to the wrong side corrected.		200	200
(e)	Kaleem To Karim Rectification of the wrong credit given to Kaleem		2000	2000
(f)	Drawing A/c To Trade Expenses A/c 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 To Building A/c Rectification of the wrong debit given building account.		2000	2000
(b)	Sales Return A/c To Customer Rectification of the goods returned by customer recorded.		585	585
(c)	M. Saleem To Suspense A/c Rectification of the Saleem debit balance now recorded		1930	1930
(d)	Stationery A/c To Suspense A/c Rectification of the less debit govt. stationery.		140	140
(e)	Sales A/c To Smith A/c Rectification of the wrong credit given to Sales account.		3000	300
(f)	Suspense A/c To Bank overdraft Rectification of the less credit given to bank overdraft.		10	10

Problem No. 12

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

Problem No. 13

Date	Particulars	L.F.	Debit	Credit
			Rs.	
(a)	M. Fahad To suspense A/c Rectification of wrong debit by Rs. 50 instead of Rs. 250		200	200
(b)	Machinery A/c To Purchases A/c Rectification of the wrong debit given to purchases Account.		1,250	1,250
(c)	Suspense A/c To Purchases A/c Purchase book overadded.		400	400
(d)	Sales Return A/c To Suspense A/c 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
	1,650	200

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 To Insurance A/c Being the amount of Unexpired Insurance taken into account.		300	300
(b)	Machine A/c To wages A/c Rectification of the Wrong debit given to Wages Account.		1,100	1,100
(c)	Reserve for Bad debts A/c To Profit and loss A/c Excess Reserve transferred to Profit and loss Account.		800	800
(d)	Sales Return A/c To Rahim A/c Omission of sales Return Recorded.		500	500
(e)	Drawing A/c To Purchases A/c 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	—
	2900	500

Net Increase = 2900 – 500 = 2400

Adjusted Profit = 7000 + 2400 = 9400

Problem No. 15

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