

Unit - II Ref. Book - Financial Accounting I Semester

- Reddy & Murthy.
Subsidiary Books - Rectification of Errors

Subsidiary Book :- It may be necessary to group similar transactions even at journal stage in the shape of special journals to minimise and facilitate ledger work.

Types of Subsidiary Books

↓
Credit Transactions

↓
1. Purchase Book

2. Sales "

3. Purchase Return Book

4. Sales Return Book

↓
Cash Transactions

↓
1. Single Column Cash Book

2. Double " "

3. Triple " "

4. Petty / Imprest System Cash Book.

Problem No. 1 / P. No. 58 / Nagarajan, Vinayakam & Naini.

Enter the following transactions in proper subsidiary books: -

| | Rs. |
|--------------------------------------|------|
| Mar. 1. Bought goods from Albert | 2000 |
| 2 Sold goods to Brown | 1000 |
| 7. Charles sold goods to us | 1000 |
| 8. David bought goods from us | 700 |
| 10. Received goods returned by Brown | 80 |

| | | |
|---------|-----------------------------|-----|
| Mar 12. | We returned goods to Albert | 50 |
| 13 | David returned goods | 90 |
| 18 | Sold goods to Mohan | 500 |
| 22 | Purchased goods from Moses | 600 |
| 25 | Returned goods to Charles | 100 |
| 30 | Sold goods to Solomon. | 600 |

Problem 2 / P.No. 67

Enter the following details in to the single column cash book.

| | | |
|---------|---------------------------------------|-----------|
| Jan. 1. | Commenced business with.. | Rs. 30000 |
| 2. | opened a current A/c with Indian Bank | 25000 |
| 4. | Purchased goods for cash | 3000 |
| 5. | Cash Sales | 2500 |
| 6. | Paid for advertising. | 120 |
| 7. | Received cash from Prabhu | 3000 |
| 8. | Paid cash to Chandrat Co., | 1600 |
| 9. | Paid cash for furniture. | 1200 |

Problem 3 / P.No. 76.

Enter the following transactions in a cash Book with Cash, Bank and discount columns:- (Triple Column Cash Book)

| | | |
|---------|-------------------------------|-----------|
| Jan. 1. | Mithu commenced business with | Rs. 10000 |
| 2. | Deposited into Bank | 9000 |
| 6. | Paid to Mannan by cheque | 4000 |
| | Discount | 100 |
| 10. | Cash Sales | 4000 |

| Date | Description | Rs. |
|--------|---|------|
| Jan 11 | Paid into Bank | 3000 |
| 15 | Manickam paid into our bank etc | 1000 |
| 19 | Issued a cheque to Neelan for furniture purchased | 2000 |
| 20 | Received from Nandan | 500 |
| | Discount Allowed | 50 |
| 22 | Withdrawn from Bank | 200 |
| 25 | Cash purchased, Paid by cheque | 800 |
| 31 | Paid Salaries by cheque | 1200 |

Problem no. 4 / P. no. 84 / Nagarajan, Vinaykum & Mani

A Petty cashier received a sum of Rs. 100 on June 7, 2018. The transactions during the week.

| Date | Description | Rs. | P. |
|--------|----------------------------------|-------|----|
| June 8 | Bought stamps | 15.00 | |
| 8 | Paid bus fare to four messengers | 4.00 | |
| 9 | Paid Taxi Hire | 2.50 | |
| 9 | Telegrams sent | 4.00 | |
| 10 | Paid for carriage | 6.50 | |
| 10 | Paid Taxi Hire | 8.50 | |
| 11 | Purchased envelopes | 5.50 | |
| 11 | Paid for repairs to typewriter | 16.00 | |
| 12 | Paid carriage | 25.00 | |
| 13 | Paid for coffee to office staff | 10.00 | |

Prepare a analytical Petty Cash Book statement.

Rectification of Errors :-

Errors or mistakes may be committed in different stages of the accounting process. The errors have to be located and corrected at the earliest to ensure the correctness of accounts.

Types of Errors :-

- I Nature of error as basis: -
 - 1) Errors of Omission
 - 2) Errors of Commission
 - 3) Errors of Principle
 - 4) Compensating errors.
- II Effect on Trial Balance.
- III NO. of accounts affected.

Method of rectification of errors: -

- Using with suspense a/c
- Using without suspense a/c.

Problem no. 5 / p. no. 4.6 / Reddy & Murthy.

Rectify the following errors: -

- Purchase book is over cast by Rs. 300
- Sales book has been under cast by Rs. 200
- Purchase Return book has been over cast by Rs. 75
- Sales Return book has been under cast by Rs. 50.

Problem NO. 6 / P. NO. 1.34 / Ex. NO. (21) / Reddy & Murthy.

- A credit sale of Rs. 450 to Chitra was debited to Mitra.
- A purchase of goods for Rs. 750 from Chan was debited to his account.
- An office almirah purchased for Rs. 750 was debited to repairs account.
- A sum of Rs. 350 received from Maya, a debtor, was debited to her a/c.
- Discount allowed Rs. 75 was credited to discount received a/c.