



## CHAPTER-9

# RECTIFICATION OF ERRORS

### Before Preparation of Trial Balance

#### Question-1

The following errors were detected in the books of Mr. Sujay while preparing the Trial Balance. You are required to rectify the errors.

- Furniture purchased worth ₹4,500 wrongly passed through Purchases A/c.
- Wages paid for installation of machinery ₹2,600 was included in Wages A/c.
- Sales Day book was undercast by ₹6,000.
- Goods sold to Pramit worth ₹6,900 has been credited to his account.
- An amount of ₹6,300 paid in advance for insurance premium in the previous year, had not been brought forward as an opening balance in the current year.
- Cash drawn by the proprietor of ₹6,000 was not posted in ledger account.

#### Solution

In the books of Mr. Sujay

#### Journal Entries

Date	Particulars		L.F.	Debit (₹)	Credit (₹)
(a)	Furniture A/c	Dr.		4,500	
	To Purchases A/c				4,500
	(Being Purchase of furniture wrongly recorded in purchases A/c, now rectified)				
(b)	Machinery A/c	Dr.		2,600	
	To wages A/c				2,600
	(being wages paid for installation of machinery wrongly included in Wages A/c, now rectified)				
(c)	Sales A/c is to be credited by ₹6,000				
(d)	Pramit A/c is to be debited with ₹13,800				
(e)	Prepaid insurance is to be debited by ₹6,300				
(f)	Drawing A/c is to be debited by ₹6,000				

**Question-2**

The following errors were detected in the books of M/s Shiva Traders while preparing the Trial Balance. You are required to rectify the errors.

- i. Freight paid for bringing purchased goods wrongly debited to Machinery Account ₹72,600.
- ii. Equipments purchased worth ₹8,50,000 wrongly passed through Purchases A/c.
- iii. Returns Outward book was overcast by ₹54,000.
- iv. Goods purchased from Rohan worth ₹79,000 has been debited to his account.
- v. An amount of rent outstanding ₹13,000 in the previous year, had not been brought forward as an opening balance in the current year.
- vi. Fresh cash introduced by the proprietor of ₹44,000 was not posted in ledger account.

**Solution**

In the books of M/s Shiva Traders

**Journal Entries**

Date	Particulars		L.F.	Debit (₹)	Credit (₹)
(a)	Freight A/c	Dr.		72,600	
	To Machinery A/c				72,600
	(Being freight paid for bringing purchased goods wrongly debited to Machinery Account, now rectified)				
(b)	Equipments A/c	Dr.		8,50,000	
	To Purchases A/c				8,50,000
	(Being purchase of equipment wrongly recorded in purchases, now rectified)				
(c)	Returns Outwards A/c is to be debited by ₹54,000				
(d)	Rohan A/c is to be credited with ₹158,000				
(e)	Outstanding Rent is to be credited with ₹13,000				
(f)	Capital A/c is to be credited by ₹44,000				

**Question-3**

Rectify the following errors by passing necessary journal entries:

- i. Goods taken by the proprietor ₹3,000 for gift to his daughter were not recorded at all.
- ii. ₹3,000 received from Niraj against debts previously written off as bad debts have



been credited to his personal account.

iii. Received interest ₹300, posted to loan account.

iv. A cheque received from Vishal, a debtor, for ₹4,000 was directly received by the proprietor who deposited it into his personal bank account.

### Solution

#### In the books of Journal Entries

Date	Particulars		L.F.	Debit (₹)	Credit (₹)
(a)	Drawing A/c	Dr.		3,000	
	To Purchase A/c				3,000
	(Goods taken by proprietor previously not recorded, now rectified)				
(b)	Niraj's A/c	Dr.		3,000	
	To Bad Debt Recovered A/c				3,000
	(Niraj's A/c wrongly credited for amount received against bad debts written of, now rectified)				
(c)	Loan A/c	Dr.		300	
	To Interest Received A/c				300
	(Interest received wrongly credited to Loan A/c now rectified)				
(d)	Drawing A/c	Dr.		4,000	
	To Vishal's A/c [Debtors]				4,000
	(Cheque from a Debtor directly received and deposited into personal bank A/c by proprietor, now rectified)				

### After Preparation of Trial Balance

#### Question-5

A merchant, while balancing his books of accounts notices that the Trial Balance did not tally. It showed excess credit of ₹1,700. He placed the difference to Suspense A/c. Subsequently he noticed the following errors:

- Goods brought from Narayan for ₹5,000 were posted to the credit of Narayan's A/c as ₹5,500
- An item of ₹750 entered in Purchase Returns Book was posted to the credit of



Pandey to whom the goods had been returned.

iii. Sundry items of furniture sold for ₹26,000 were entered in the sales book.

iv. Discount of ₹300 from creditors had been duly entered in creditor's A/c but was not posted to discount A/c.

Pass necessary journal entries to rectify these errors. Also show the Suspense A/c.

### Solution

In the books of .....

#### Journal Entries

Date	Particulars		L.F.	Debit (₹)	Credit (₹)
(a)	Narayan's A/c	Dr.		500	
	To Suspense A/c				500
	(Being, goods bought from Narayan's credited to hi A/c as ₹5,500 instead of ₹5,000, now rectified)				
(b)	Pandey's A/c	Dr.		1,500	
	To Suspense A/c				1,500
	(being, an item of ₹750 entered in Purchase Returns Book was credited to Pandey's A/c, now rectified)				
(c)	Sales A/c	Dr.		26,000	
	To Furniture A/c				26,000
	(Being, Sale of furniture sold ₹26,000 were entered in the sales book, now rectified)				
(d)	Suspense A/c	Dr.		300	
	To Discount received A/c				300
	(Being, Discount of ₹300 from creditors been duly entered in creditor's A/c but not posted to discount A/c, now rectified)				

#### Suspense Account

Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
	To Balance b/d	1,700		By Narayan's	500
	To discount received	300		By Pandey's	1,500
		2,000			2,000

**Question-6**

Pass necessary journal entries to rectify the following errors:

- i. An amount of ₹200 withdrawn by owner for personal use was debited to trade expenses.
- ii. Purchase of goods of ₹300 from Nathan was wrongly entered in sales book.
- iii. A credit sale of ₹100 to Santhanam was wrongly passed through purchase book.
- iv. ₹150 received from Malhotra was credited to Mehrotra.
- v. ₹375 paid as salary to cashier Dhawan was debited to his personal A/c.
- vi. A bill of ₹2,750 for extension of building was debited to building repairs A/c
- vii. Goods of ₹500 returned by Akashdeep were taken into stock, but returns were not posted.
- viii. Old furniture sold for ₹200 to Sethi was recorded in sales book.
- ix. The period end total of sales book was under cast by ₹100.
- x. Amount of ₹ 80 received as interest was credited to commission.

**Solution**

In the books of .....

**Journal Entries**

Date	Particulars		L.F.	Debit (₹)	Credit (₹)
(a)	Drawings A/c	Dr.		200	
	To Trade Expenses A/c				200
	(Being amount drawn for personal use debited to Trade expenses, now rectified)				
(b)	Purchases A/c	Dr.		300	
	Sales A/c	Dr.		300	
	To Nathan's A/c				600
	(Being goods Purchased from Nathan was wrongly entered in sales book, now rectified)				
(c)	Sanathanam's A/c	Dr.		200	
	To Sales A/c				100
	To Purchases A/c				100
	(Being credit sale Santhanam was wrongly passed through purchase book, now rectified)				
(d)	Mehrotra's A/c	Dr.		150	



	To Malhotra's A/c				150
	(Being amount received from Malhotra was credited to Mehrotra, now rectified)				
(e)	Salary A/c	Dr.		375	
	To Dhawan's A/c				375
	(Being salary paid to cashier Dhawan was debited to his personal A/c, now rectified)				
(f)	Buildings A/c	Dr.		2,750	
	To building Repairs A/c				2,750
	(Being bill of extension of building was debited to building repairs A/c, now rectified)				
(g)	Sales Returns A/c	Dr.		500	
	To Akashdeep A/c				500
	(Being Goods returned by Akashdeep were not posted, now rectified)				
(h)	Sales A/c	Dr.		200	
	To Furniture A/c				200
	(Being furniture sold was recorded in sales book, now rectified)				
(i)	Suspense A/c	Dr.		100	
	To Sales A/c				100
	(Being sales book was under cast, now rectified)				
(j)	Commission A/c	Dr.		80	
	To Interest A/c				80
	(Being Amount of ₹ 80 received as interest was credited to commission, now rectified)				

**Question-7**

Rectifying the following errors by way of journal entries and work out their effect on profit or loss of the concern:

- i. Return inward book was cast short by ₹500.
- ii. ₹300 received from Ram has been debited to Mr. Shyam.
- iii. Wages paid for the installation of a machine debited to wages account for ₹1,000.
- iv. A purchase made for ₹1,000 was posted to purchase account as ₹100.



- v. Purchase of furniture amounting to ₹3,000 debited to purchase account.
- vi. Goods purchased for proprietor's use for ₹1,000 debited to purchase account.

**Solution**

In the books of.....

**Journal Entries**

Date	Particulars		L.F.	Debit (₹)	Credit (₹)
(a)	Return Inward A/c	Dr.		500	
	To Suspense A/c				500
	(Return Inward book was cast short, now rectified)				
(b)	Suspense A/c	Dr.		600	
	To Ram's A/c				300
	To Shyam's A/c				300
	(Received from Mr. Ram has been debited to Mr. Shyam's A/c, now rectified)				
(c)	Machinery A/c	Dr.		1,000	
	To Wages A/c				1,000
	(Wages paid for maintenance of machinery debited to Wages A/c, now rectified)				
(d)	Purchase A/c	Dr.		900	
	To Suspense A/c				900
	(Purchase account was short by ₹900, now rectified)				
(e)	Furniture A/c	Dr.		3,000	
	To Purchase A/c				3,000
	(Furniture purchased wrongly debited to purchase account, now rectified)				
(f)	Drawing A/c	Dr.		1,000	
	To Purchase A/c				1,000
	(Goods purchased for proprietor's use, debited to purchase account, now rectified)				

**Effect on Profit**

Items	Particulars	Increase (₹)	Decrease (₹)
(a)	Decrease in Profit		500
(b)	No Effect in Profit		-
(c)	Increase in Profit	1,000	-
(d)	Decrease in Profit		900
(e)	Increase in Profit	3,000	-
(f)	Increase in Profit	1,000	-
	Total	5,000	1,400
	Increase in Profit		3,600
		5,000	5,000

**Question-8**

You are presented with a trial balance of S Ltd as on 30.06.2021 showing the credit is in excess by ₹415 which was been carried to Suspense Account. On a close scrutiny of the books, the following errors were revealed:

- A cheque of ₹3,456 received from Sankar after allowing him a discount of ₹46 was endorsed to Sharma in full settlement for ₹3,500. The cheque was finally dishonored but no entries are passed in the books.
- Goods of the value of ₹230 returned by Sen were entered in the Purchase Day Book and posted therefrom to Das as ₹320.
- Bad debts aggregating ₹505 written off during the year in the Sales Ledger but were not recorded in the general ledger.
- Bill for ₹750 received from Mukherjee for repairs to Machinery was entered in the Inward Invoice Book as ₹ 650.
- Goods worth ₹1,234 Purchased from Mr. Y on 28.6.2021 had been entered in Day Book and credited to him but was not delivered till 5th July 2021. Stock being taken by the purchase on 30.06.2021. The title of the goods was, however, passed on 28.06.2021.
- 79 paid for freight on Machinery was debited to freight account as ₹97.

You are required to pass the necessary journal entries for correcting the books.

**Solution**

In the books of S Ltd.

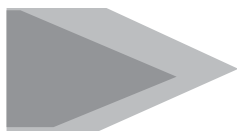
**Journal Entries**

Date	Particulars		L.F.	Debit (₹)	Credit (₹)
(a)	Sankar's A/c	Dr.		3,502	





	Discount Received A/c	Dr.	44	
	To Sharma A/c			3,500
	To Discount Allowed A/c			46
	(Cheque received from Sankar's endorsed to Sharma after allowing discount ₹46, it was dishonored, now rectified)			
(b)	Return Inward A/c	Dr.	230	
	Das' A/c	Dr.	320	
	To Purchase A/c			230
	To Sen's A/c			230
	To Suspense			90
	(Goods returned by Sen for ₹230 wrongly recorded in Purchase Day Book as an Credit to Das as ₹320, now rectified.)			
(c)	Bad debts A/c	Dr.	505	
	To Suspense A/c			505
	(Bad debts written off but not recorded, now rectified)			
(d)	Repairs	Dr.	750	
	To Purchases A/c			650
	To Mukherjee A/c			100
	(Repairs of Machinery for ₹750, wrongly recorded as ₹650 on Purchase A/c, now rectified)			
(e)	Goods-in-Transit A/c	Dr.	1,234	
	To Trading A/c			1,234
	(Goods were in Transit which were not considered, now rectified)			
(f)	Machinery A/c	Dr.	79	
	Suspense A/c		18	
	To Fright A/c			97
	(amount paid for freight on machinery was wrongly debited to freight account, now rectified)			

**Question-9**

Mr. Agarwal could not agree the Trial Balance. He transferred to the Suspense Account of ₹296, being excess of the debit side total. The following errors were subsequently discovered.

- i. Sales Day Book was overcast by ₹300
- ii. An amount of ₹55, received from Mr. Y was posted to his account as ₹550
- iii. Purchases Return Book total on a folio was carried forward as ₹221, instead of ₹112
- iv. A car sale of ₹1,235 duly entered in the Cash Book but posted to Sales A/c as ₹235
- v. Salary Account was overcast by ₹ 200.

Rest of the difference was due to wrong total in Salaries A/c. Show the Journal entries to rectify the above errors.

**Solution**

In the books of Mr. Agarwal

**Journal Entries**

Date	Particulars		L.F.	Debit (₹)	Credit (₹)
(a)	Sales A/c	Dr.		300	
	To Suspense A/c				300
	(Being Sales Book overcast by now rectified)				
(b)	Y A/c	Dr.		495	
	To Suspense A/c				495
	(Being amount received from Y for ₹55 wrongly posted as ₹550 now rectified)				
(c)	Returns Outward A/c	Dr.		109	
	To suspense A/c				109
	(Being the total of purchases returns book was carried forward as ₹221, instead of ₹112 now rectified)				
(d)	Suspense A/c	Dr.		1,000	
	Sales A/c	Dr.		235	
	To Car A/c / Sale of Asset A/c				1,235
	(Being cash sales being ₹1,235 recorded only ₹235 as sales A/c now rectified)				
(e)	Suspense A/c	Dr.		200	
	To Salaries A/c				200



	(Being salary A/c was overcast by ₹200 now rectified)				
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**Question-10**

M/s. Big Systematic Ltd. maintains self-balancing ledgers preparing control accounts at the end of each calendar month. On 3rd January, 2021 the accountant of the company located the following errors in the books of account:

- An amount of ₹8,700 received from customer Mehra was credited to Mehta, another customer.
- The sales book for December, 2020 was under cast by ₹1,000.
- Goods invoiced at ₹15,600 were returned to supplier, M/s Mega Ltd. but no entry was made in the books for this return made on 28th December, 2020.

Pass the necessary Journal Entries to rectify the above-mentioned errors.

(June-18, 5 Marks)

**Solution**

In the books of M/s. Big Systematic Ltd.

**Journal Entries**

Date	Particulars		L.F.	Debit (₹)	Credit (₹)
(i)	Mehta's A/c	Dr.		8,700	
	To Mehra's A/c				8,700
	(Being amount received from Mehra's was Wrongly credited to Mehta's, now rectified)				
(ii)	Suspense A/c	Dr.		1,000	
	To Sales A/c				1,000
	(Being rectification of the error resulting from under casting of the Sales Books)				
(iii)	(a) M/s.Mega's Ltd. Account (In Creditors/Bought Ledger)	Dr.		15,600	
	To Purchase Returns A/c (in General Ledger)				15,600
	(b) Creditors/Bought Ledger Adjustment A/c (in General Ledger)	Dr.		15,600	
	To General Ledger Adjustment A/c (In Creditors/Bought Ledger)				15,600
	(Being goods returned to supplier not recorded earlier now recorded)				

**Question-11**

Rectify the following errors:

- i. A Credit Sale of goods to X ₹3,000 posted as ₹30,000.
- ii. A Cash Sale of goods to Y ₹3,000 posted as ₹30,000.
- iii. A Credit Sale of Furniture to Z ₹3,000 posted as ₹30,000.
- iv. A Credit Sale of goods of ₹3,000 to Krishan entered in the purchases book, as ₹30,000 and posted therefrom to the credit of Kishan as ₹3,000.
- v. A Cash Sale of goods of ₹3,000 to Krishan posted to the credited of Kishan as ₹30,000.
- vi. A Credit Purchase of old machinery from Sohan for ₹17,000 was entered in the Purchases Book as purchase from Mohan for ₹71,000. ₹3,000 paid as Repair Charges of this Machinery debited to General Expenses Account.
- vii. A Bill drawn on Meenu for ₹30,000 was passed through bills payable book with ₹3,000 and posted therefrom to the credit of Meena as ₹300.
- viii. Sales included a sale of furniture having a book of value of ₹900 for ₹850 on 31st March, 2018.

(June-19,8 Marks)

**Solution**

In the books of  
Journal Entries

Date	Particulars		L.F.	Debit (₹)	Credit (₹)
(a)	Suspense A/c	Dr.		27,000	
	To X A/c				27,000
	(Being wrong posting now rectified)				
Or					
	Sales A/c	Dr.		27,000	
	To X A/c				27,000
	(Being credit sale of ₹3,000 wrongly posted as ₹30,000 now rectified)				
(b)	Sales A/c	Dr.		27,000	
	To Suspense A/c				27,000
	(Being wrong posting now rectified)				
Or					
	Sales A/c	Dr.		27,000	



	To Cash A/c			27,000
	(Being cash sale of ₹3,000 wrongly posted as ₹30,000 now rectified)			
(c)	Furniture A/c	Dr.	27,000	
	To Z A/c			27,000
	(Being wrong posting now rectified)			
(d)	Krishan's A/c	Dr.	3,000	
	Kishan A/c	Dr.	3,000	
	Suspense A/c	Dr.	27,000	
	To sales A/c			3,000
	To Purchases A/c			30,000
	(Being sale recorded as purchase with wrong amount and wrong posting therefrom now rectified)			
(e)	Kishan A/c	Dr.	30,000	
	To Sale A/c			3,000
	To Suspense A/c			27,000
	(Being wrong posting now rectified)			
(f)	Mohan A/c	Dr.	71,000	
	Machinery A/c	Dr.	20,000	
	To Sohan A/c			17,000
	To Purchases A/c			71,000
	To General Expenses A/c			3,000
	(Being purchase of old machinery recorded the purchases Book and repairing charges debited to General Expense A/c now rectified)			
(g)	Bills Receivable A/c	Dr.	30,000	
	Bills Payable A/c	Dr.	3,000	
	Meena's A/c	Dr.	300	
	To Meenu's A/c			30,000
	To Suspense A/c			3,300
	(Being B/R drawn recorded in B/P Book now			



	rectified)				
(h)	Sales A/c	Dr.		850	
	Loss on sale of Furniture A/c	Dr.		50	
	To Furniture A/c				900
	(Being the sale of Furniture recorded as sales now rectified)				

**Question-12**

Rectify the following errors by passing Journal entries:

- Preeti was paid cash ₹ 2,800 but Joyti was debited by ₹ 2,000.
- Goods costing ₹ 10,000 were purchased for various members of staff and the cost was included in 'Purchase'. A similar amount was deducted from the salaries of the staff members concerned and the net payment to them debited to salaries Account.
- Wages amounting to ₹ 7,000 for machinery erection were debited to the Wages Account.
- Machinery written off by ₹ 1,000 has not been posted to the Depreciation Account.
- Goods purchased for ₹ 1,000 for the proprietor's use were debited to the purchases Account.
- Goods purchased for ₹ 5,000 were posted as ₹ 500 to the Purchase Account.
- Goods purchased for ₹ 200 were posted as ₹ 2,000 to the purchase Account.
- ₹ 1,000 received from Preeti was debited to her account.

The balance in the account of Mr. Rahim ₹ 1,000 has been written off as bad but no account has been debited.

(2016 Syllabus Dec-23, 11 Marks)

**Solution**

In the books of  
Journal Entries

Date	Particulars		L.F.	Debit (₹)	Credit (₹)
(i)	Preeti's A/c	Dr.		2,800	
	To Jyoti's A/c				2,000
	To Suspense A/c				800
	(Being Cash paid to Preeti but debited to Jyoti, now rectified)				
(ii)	Salaries A/c	Dr.		10,000	
	To Purchase A/c				10,000



	(Being goods purchased for staff but debited to purchase, now rectified)				
(c)	Wages A/c	Dr.		7,000	
	To Machinery A/c				7,000
	(Being wages paid for erection of machinery, now rectified)				
(d)	Depreciation A/c	Dr.		600	
	To Suspense A/c				600
	(Being Depreciation written but not debited to Depreciation, now rectified)				
	Drawings A/c	Dr.		1,000	
	To Purchase A/c				1,000
	(Being goods purchased for proprietor's use but debited to purchase A/c, now rectified)				
	Purchase A/c	Dr.		4,500	
	To Suspense A/c				4,500
	(Being wrong amount posted to purchase A/c, now rectified)				
	Suspense A/c	Dr.		1,800	
	To Purchase A/c				1,800
	(Being wrong amount posted to purchase A/c, now rectified)				
	Suspense A/c	Dr.		2,000	
	To Preeti's A/c				2,000
	(Being amount received from Preeti but debited to her account, now rectified)				
	Bad Debt A/c	Dr.		1,000	
	To Suspense A/c				1,000
	(Being amount written off as bad but not debited, now rectified)				

**Question-13**

**Trial Balance of Ankit Ltd. failed to agree and the difference was put into Suspense Account pending investigation which discovered the following:**

- ix. Discount received ₹1,320 had been debited to Discount allowed as ₹132.



- x. Goods of the value of ₹200 returned by Kishan were entered in the Sales Day Book and posted therefrom to the credit of Krishan as ₹20.
- xi. A credit purchase of ₹500 from N. Kumar was recorded as sale to M. Kumar for ₹50.
- xii. A credit sale of machine of P. Dass for ₹600 recorded through Sales Day Book as sale to C. Dass for ₹60.

Required:

Pass the Rectifying Entries in the Book of Ankit Ltd.

(Dec-15, 4 Marks)

### Solution

In the books of Ankit Ltd.

#### Journal Entries

Date	Particulars		L.F.	Debit (₹)	Credit (₹)
(a)	Suspense A/c	Dr.		1,452	
	To Discount Allowed A/c				132
	To Discount Received A/c				1,320
	(Being discount received wrongly posted to discount allowed A/c, now rectified)				
(b)	Krishan's A/c	Dr.		20	
	Sales A/c	Dr.		200	
	Sales Return A/c	Dr.		200	
	To Kishan's A/c				200
	To Suspense A/c				220
	(Being sale returns recorded as sale with wrong amount and wrong posting therefrom, now rectified)				
(c)	Sales A/c	Dr.		50	
	Purchases A/c	Dr.		500	
	To N. Kumar's A/c				500
	To M. Kumar's A/c				50
	(Being the credit sale of machine recorded as sale, now rectified)				
(d)	P. Dass A/c	Dr.		600	
	Sales A/c	Dr.		60	
	To Machine A/c				600





	To C. Dass A/c				60
	(Being the credit sale of machine recorded as sale, now rectified)				

**Question-14**

The Trial Balance of a concern has agreed but the following mistakes were discovered after the preparation of final Accounts.

- No adjustment entry was passed for an amount of ₹2,000 relating to outstanding rent.
- Purchase book was overcast by ₹1,000.
- ₹4,000 depreciation of Machinery has been omitted to be recorded in the book.
- ₹600 paid for purchase of stationary has been debited to Purchase A/c.
- Sales books was overcast by ₹1,000.
- ₹5,000 received in respect of Book Debt had been credited to Sales A/c.

Show the effect of the above errors in Profit and Loss Account & Balance Sheet.

(June-17 and Dec-17,6 Marks)

**Solution****Effects of the errors in Profit and Loss A/c and Balance Sheet**

	Profit & Loss A/c		Balance Sheet
(i)	Profit was overstated by ₹ 2,000.	(i)	Capital was also overstated by ₹ 2,000 & outstanding Liability was understated by 2,000.
(ii)	Gross profit was under stated by ₹ 1,000 & also the Net Profit.	(ii)	Capital was understated by ₹ 1,000
(iii)	Net Profit was overstated by ₹ 4,000.	(iii)	Machinery was overstated by ₹ 4,000 & so the Capital A/c was also overstated by ₹ 4,000.
(iv)	Gross Profit was under stated but no effect on Net Profit. (Assuming stationary has been consumed in business)	(iv)	No effect in Balance Sheet.
(v)	Gross Profit and Net Profit were overstated by ₹ 1,000.	(v)	Capital Was overstated by ₹ 1,000.
(vi)	Gross Profit & Net Profit were overstated by, ₹ 5,000.	(vi)	Capital & Sundry Debtors were overstated by ₹ 5,000.

**Question-15**

The Trial Balance of Kohli Bros. had agreed but the auditor identified some mistakes after the preparation of the Final Accounts. These mistakes are:

- i. Purchase Day Book was overcast by ₹82,000.
- ii. ₹34,000 received in respect of a Book Debt had been credited to Sales Account.
- iii. Rent paid ₹64,000 had been omitted to be recorded in the books.
- iv. Adjustment entry for prepaid wages was not passed for an amount of ₹12,000.
- v. ₹26,000 paid for purchase of stationery has been debited to Purchases Account. However, such stationeries were consumed in the business.

What would be the effect of the above errors on the Gross Profit and Net Profit of the concern.

**Solution**

Effect of Errors on Gross profit &amp; Net Profit

Sl. No.	Errors	Impact on Profit		Effect on Profit (₹)	
		Gross Profit	Net Profit	Gross Profit	Net Profit
a.	Purchase Day Book was over-cast	Understated	Understated	(82,000)	(82,000)
b.	Amount received in respect of Book Debt had been credited to Sales Account	Overstated	Overstated	34,000	34,000
c.	Rent had been omitted to be recorded in the books.	No effect	Overstated	--	64,000
d.	No Adjustment entry was passed for an amount relating to Advance wages.	Understated	Understated	(12,000)	(12,000)
e.	Purchase of Stationery has been debited to Purchases Account.	Understated	No effect	(26,000)	
	<b>Net Effect</b>			<b>(86,000)</b>	<b>4,000</b>

**Question-16**

At Mar. 31, 2018, the accountant finds a difference in the Trial Balance. The difference has been carried to Suspense Account. Subsequently, the following errors are discovered before finalisation of accounts. Give Journal entries to rectify these errors and prepare the Suspense Account:

- i. Purchase of furniture for ₹1,000 passed through Purchase Book,
- ii. An amount of ₹550 received from Raja was posted to his account as ₹5,500.
- iii. An amount of ₹800 received from A, a debtor, has been treated as cash sale.



iv. Discount allowed ₹150 was wrongly credited to Discount Received Account.

### Solution

In the books of .....

#### Journal Entries

Date	Particulars		L.F.	Debit (₹)	Credit (₹)
(a)	Furniture A/c	Dr.		1,000	
	Creditors A/c	Dr.		1,000	
	To Purchases A/c				1,000
	To Creditors for Furniture A/c				1,000
	(Being purchase of furniture wrongly included in purchase Day Book, now rectified)				
(b)	Raja's A/c (₹5,500 - ₹550)	Dr.		4,950	
	To Suspense A/c				4,950
	(Being ₹550 received from Raja wrongly recorded in his account as ₹5,500, now rectified)				
(c)	Sales A/c	Dr.		800	
	To A A/c				800
	(Being cash collected from A wrongly included in Sales A/c, now rectified)				
(d)	Discount Received A/c	Dr.		150	
	Discount Allowed A/c	Dr.		150	
	To Suspense A/c				300
	(Being Discount Allowed wrongly credited to Discount Received A/c, now rectified)				

#### Suspense Account

Particulars	Amount (₹)	Particulars	Amount (₹)
To Balance b/f [B/Fig.]	5,250	By Raja's A/c	4,950
		By Discount Allowed A/c	150
		By Discount Received A/c	150
	5,250		5,250

**After Final Account/ Different Accounting Period****Question-17**

Pass necessary journal entries to rectify the following errors assuming that the errors were detected after the preparation of final accounts:

- i. Return inward book was undercast by ₹18,000.
- ii. Goods purchased for proprietor's use for ₹10,000 debited to purchase account.
- iii. ₹5,200 paid for freight on machinery was debited to freight account.
- iv. No adjustment entry was passed for an amount of ₹15,000 relating to outstanding rent.
- v. Furniture of ₹ 13,000 purchased from Chandra Furniture House was entered in purchase book.
- vi. ₹ 10,000 received from Mohan has been credited to Sohan.

(2012 Syllabus Dec-14, 4 Marks)

**Solution**

**In the books of  
Journal Entries**

Date	Particulars		L.F.	Debit (₹)	Credit (₹)
(a)	Profit and Loss Adjustment A/c	Dr.		18,000	
	To Suspense A/c				18,000
	(Being Return inward book was undercast, now rectified)				
(b)	Capital (drawing) A/c	Dr.		10,000	
	To Profit and Loss Adjustment A/c				10,000
	(Being Goods purchased for proprietor's use debited to purchase account, now rectified)				
(c)	Machinery A/c	Dr.		5,200	
	To Profit and Loss Adjustment A/c				5,200
	(Being amount paid for freight on machinery was debited to freight account, now rectified)				
(d)	Profit and Loss Adjustment A/c	Dr.		15,000	
	To Outstanding Rent, A/c				15,000
	(Being adjustment entry passed for outstanding)				



(e)	Furniture A/c	Dr.		13,000	
	To Profit and Loss Adjustment A/c				13,000
	(Being Furniture purchased was entered in purchase book, now rectified)				
(f)	Sohan's A/c	Dr.		10,000	
	To Mohan's A/c				10,000
	(Being received from Mohan has been credited to Sohan, now rectified)				

**Question-18**

The trial balance of M/s SEWADA & CO., on 31st March, 2016 did not agree. In order to close the books, the accountant placed the difference for ₹12,385 (Dr.) to Suspense Account for necessary adjustments in the next period. On 30th April, 2016 the following errors, arising in 2015-16 were detected:

- ₹1,000 allowed as cash discount to a trade debtor was not debited to the discount account.
- Credit sale of ₹4,850 was posted to the credit of the customer's account as ₹4,535.
- Machinery purchased for ₹50,000 in cash was posted to the Purchases Account in the ledger.
- Sales Book was overcast by ₹2,000 in February, 2016.

Required:

- Pass the necessary Journal Entries to rectify these errors.
- Prepare suspense account in the book of SEWADA & CO.

(June-16, 5+2 = 7 Marks)

**Solution**

**In the books of SEWADA**  
**Journal Entries**

Date	Particulars		L.F.	Debit (₹)	Credit (₹)
2016	P and L Adjustment A/c	Dr.		1,000	
April 30	To Suspense A/c				1,000
	(Being discount allowed not posted to discount A/c, now rectified)				
April 30	Customer's A/c	Dr.		9,385	
	To Suspense A/c				9,385
	(Being credited sale of ₹4,850 wrongly posted				



	to the credit of customer's a/c, as ₹4,535, now rectified)				
April 30	Machinery's A/c	Dr.		50,000	
	To P and L Adjustment				50,000
	(Being machinery purchased posted to the purchases A/c, now rectified)				
April 30	P and L A/c	Dr.		2,000	
	To Suspense A/c				2,000
	(Being sales day Book overcast, now rectified)				

**Suspense Account**

Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
2016			2016		
April 30	To Balance b/d	12,385	April 30	By P/L Adjustment A/c	1,000
				By Customer A/c	9,385
				By P/L Adjustment A/c	2,000
		<b>12,385</b>			<b>12,385</b>

**Question-19**

The trial balance of Rajesh Brothers on 31st March, 2023 did not agree. In order to close the books, the accountant placed the difference for ₹26,700 (Dr.) to Suspense Account for necessary adjustments in the next period. On 25th April, 2023 the following errors, arising in 2022-23 were detected:

- ₹ 4,500 allowed as cash discount to a trade debtor was not debited to the discount account.
- Credit sale of ₹ 6,550 was posted to the credit of the customer's account as ₹ 5,650.
- Machinery purchased on 01st October 2022 for ₹ 50,000 in cash was posted to the Purchases Account in the ledger. Rate of Depreciation was applicable on Machine 15% p.a.
- Sales Book was overcast by ₹ 10,000 in February, 2023.

Give Journal Entries to rectify these errors and Prepare suspense Account

(June-24, 7 Marks)

**Solution****In the books of Rajesh Brothers****Journal Entries**

Date	Particulars		L.F.	Debit (₹)	Credit (₹)
2023	Profit and Loss Adjustment A/c	Dr.		4,500	
April 25	To Suspense A/c				4,500
	(Being discount allowed not posted to discount A/c, now rectified)				
April 25	Customer's A/c	Dr.		12,200	
	To Suspense A/c				12,200
	(Being credited sale of ₹6,550 wrongly posted to the credit of customer's a/c, as ₹5,650, now rectified)				
April 25	Machinery's A/c	Dr.		46,250	
	To Profit and Loss Adjustment A/c				46,250
	(Being machinery purchased posted to the purchases A/c, now rectified after adjusting depreciation)				
April 25	Profit and Loss Adjustment A/c	Dr.		10,000	
	To Suspense A/c				10,000
	(Being sales day Book overcast, now rectified)				

**Suspense Account**

Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
2023			2023		
April 1	To Balance b/d	26,700	April 25	By P/L Adjustment A/c	4,500
				By Customer A/c	12,200
				By P/L Adjustment A/c	10,000
		26,700			26,700

**Question-20**

The Trial Balance extracted from a set of books showed a difference which was placed in a Suspense Account to prepare the Final Accounts at that time. Subsequently the following mistakes were detected:

- A dishonoured cheque for ₹500 received from A and returned by the Bank had been



credited to the Bank Account and debited to Sundry Creditors Account.

- ii. Several items of furniture sold for ₹2,500 had been entered in the Sales Day Book.
- iii. Goods purchased from X, a supplier, for ₹155 had been posted to the debit of his account as ₹150.
- iv. ₹600 due from B had been omitted from the schedule of sundry debtors.

Show the necessary Entries in the Journal proper with suitable narration to rectify these errors. Also show how the non-detection of these errors affected last year's Profit and Loss Account.

### Solution

In the books of.....

#### Journal Entries

Date	Particulars		L.F.	Debit (₹)	Credit (₹)
(a)	Sundry Debtors A/c	Dr.		500	
	To Sundry Creditors				500
	(Being dishonoured cheque received from A, wrongly debited to Sundry Creditors Account, now rectified)				
(b)	Bank A/c/Debtors for Furniture A/c	Dr.		2,500	
	P/L Adjustment A/c	Dr.		2,500	
	To Furniture A/c				2,500
	To Debtors A/c				2,500
	(Being furniture sold for ₹2,500 wrongly entered in the sales Day Book now rectified)				
(c)	Suspense A/c	Dr.		305	
	To Sundry Creditors A/c [₹155 + 150]				305
	(Being goods purchased from X for ₹155, wrongly posted to the debit of his account as ₹150, now rectified)				
(d)	Sundry Debtors A/c	Dr.		600	
	To Suspense A/c				600
	(Being amount due from B, omitted from the schedule of sundry debtors, now rectified)				
(e)	Capital A/c	Dr.		2,500	
	To P/L Adjustment A/c				2,500





	(Being profit arising from result of rectification transferred to capital account)				
--	--	--	--	--	--

**Statement showing effect on last year's profit due to non detection of errors**

Particulars	Effect on profit	
	Increase (₹)	Decrease (₹)
a. Incorrect recording of cheque dishonoured in Sundry Creditors Account.	Nil	Nil
b. Incorrect recording of sale of Furniture	2,500	-
c. Incorrect recording of purchase of goods.	Nil	Nil
d. Non listing of B A/c in Sundry Debtors.	Nil	Nil
	2,500	
Net increase in last year's profit = ₹2,500		

**Question-21**

The books of M/s Shakti trading for the year ended 31st March 2021 were closed with a difference that was posted to Suspense A/c. The following errors were found subsequently:

- i. Goods of ₹12,500 returned to Thick & Fast Corporation were recorded in Return Inward book as ₹21,500 and from there it was posted to the debit of Thick & Fast Corporation.
- ii. A credit sale of ₹7,600 was wrongly posted as ₹6,700 to customer's A/c in sales ledger.
- iii. Closing stock was overstated by ₹5,000 being totaling error in the schedule of inventory.
- iv. ₹8,900 paid to Bala was posted to the debit of Sethu as ₹9,800.
- v. Goods purchased from Evan Traders for ₹3,250 was entered in sales book as ₹3,520.
- vi. ₹1,500, being the total of discount column on the payment side of the cash book was not posted.

Rectify the errors and pass necessary entries giving effects to Suspense A/c and P & L Adjustment A/c.

**Solution**

In the books of M/s Shakti

**Journal Entries**

Date	Particulars		L.F.	Debit (₹)	Credit (₹)
(a)	Suspense A/c	Dr.		43,000	
	To Thick and Fast Crop				9,000



	To P and L Adjustment A/c				34,000
(b)	Sundry Debtors A/c	Dr.		900	
	To Suspense A/c				900
(c)	P and L Adjustment A/c	Dr.		5,000	
	To Suspense				5,000
(d)	Bala A/c	Dr.		8,900	
	Suspense A/c	Dr.		900	
	To Sethu A/c				9,800
(e)	P and L Adjustment A/c	Dr.		6,770	
	To Evan Traders				6,770
(f)	Suspense A/c	Dr.		1,500	
	To P and L Adjustment A/c				1,500

**Question-22**

The books of accounts of A Co. Ltd. for the year ending 31.03.2021 were closed with a difference of ₹21,510 in books carried forward. The following errors were detected subsequently:

- Return outward book was under cast by ₹100.
- ₹1,500 being the total of discount column on the credit side of the cash book was not posted.
- ₹6,000 being the cost of purchase of office furniture was debited to Purchase A/c.
- A credit sale of ₹760 was wrongly posted as ₹670 to the customers A/c in the sales ledger.
- The Sales A/c was under casted by ₹10,000 being the carry over mistakes in the sales day book.
- Closing stock was over casted by ₹10,000 being casting error in the schedule or inventory. Pass rectification entries in the next year.

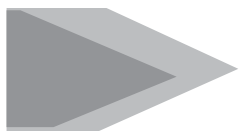
Prepare suspense account and state effect of the errors in determination of net profit of last year.

**Solution**

In the books of A Co. Ltd

**Journal Entries**

Date	Particulars		L.F.	Debit (₹)	Credit (₹)
2021	Suspense A/c	Dr.		100	
April.1	To profit and loss Adjustment A/c				100



	(Return outward book was under cast now rectified)				
(b)	Suspense A/c	Dr.		1,500	
	To Profit and Loss Adjustment A/c				1,500
	(Discount received was not recorded, now rectified)				
(c)	Office Furniture A/c	Dr.		6,000	
	To Profit and Loss Adjustment A/c				6,000
	(office furniture purchased wrongly debited to purchase A/c, now rectified)				
(d)	Debtor's A/c	Dr.		90	
	To Suspense A/c				90
	(Debtors account was posted ₹670 in place of ₹760, now rectified)				
(e)	Suspense A/c	Dr.		10,000	
	To Profit and Loss Adjustment A/c				10,000
	(Sales account was under casted, now rectified)				
(f)	Profit and Loss Adjustment A/c	Dr.		10,000	
	To closing stock A/c				10,000
	(Closing Stock was overcastted, now rectified)				

**Suspense Account**

Date	Particulars	Amount (₹)	Date	Particulars	Amount(₹)
2013	To Profit and Loss Adjustment A/c	100	2013	By Difference in Trial balance	21,510
April	To Profit and Loss Adjustment A/c	1,500	April	By Debtors A/c	90
1	To Profit and Loss Adjustment A/c	10,000	1		
	To Profit and Loss Adjustment A/c	10,000			
		21,600			21,600

**Effect on Profit**

	Increase (+) ₹	Decrease (-) ₹
Item (a).....	-	100
(b).....	-	1,500
(c).....	-	6,000
(d).....	-	-
(e).....	-	10,000
(f).....	10,000	-
	10,000	17,600
Profit will be decreased by	7,600	-
	17,600	17,600

**Question-23**

The Trial Balance of Zeeshan Co. was drafted by its accountant with its ledger balances. However, he could not tally the Trial Balance and the difference in books was placed in a Suspense Account for drafting the financial statements. Subsequently the internal auditor identified the following mistakes:

- A machinery sold on credit to M/s Alam for ₹2,50,000 had been recorded in the Sales Day Book.
- An amount of ₹62,000 due from Belal had been erroneously omitted from the schedule of sundry debtors.
- Goods sold to Zaman, a customer, for ₹15,000 had been posted to the credit of his account as ₹51,000.
- A dishonoured cheque for ₹50,000 received from a customer and returned by the Bank had been credited to the Bank Account and debited to Sundry Creditors Account.

Show the necessary Entries in the Journal proper with suitable narration to rectify these errors. Also show how the non-detection of these errors affected last year's Profit and Loss Account.

**Solution**

In the books of Zeeshan Co.

**Journal Entries**

Date	Particulars		L.F.	Debit (₹)	Credit (₹)
(a)	P/L Adjustment A/c	Dr		2,50,000	
	To Machinery A/c				2,50,000



	(Being machinery sold on credit to M/s Alam wrongly recorded in the sales Day Book, now rectified)				
(b)	Sundry Debtors A/c	Dr.		62,000	
	To Suspense A/c				62,000
	(Being ₹62,000 due from Behal had been erroneously omitted from the schedule of Sundry debtors, now rectified)				
(c)	Zaman A/c	Dr.		66,000	
	To Suspense A/c				66,000
	(Being goods sold to Zaman for ₹15,000, wrongly posted to the credit of his account as ₹51,000, now rectified)				
(d)	Sundry Debtors A/c	Dr.		50,000	
	To Sundry Creditors A/c				50,000
	(Being a dishonoured cheque for ₹50,000 received from a customer and returned by the Bank credited to the Bank Account but wrongly debited to Sundry Creditors Account, now rectified)				

**Question-24**

A trader agreed his Trial Balance by putting the difference in a Suspense Account and prepared a Trading and Profit & Loss account and a Balance Sheet. On subsequent scrutiny the books disclosed several errors as detailed below:

- i. A cheque of ₹750 received for loss of stock by fire been deposited in proprietor's private bank A/c but no entry has been passed in the books.
- ii. An item of purchases of ₹151 was entered in the Inward Invoice Book as ₹15 and posted to the Supplier's Account as ₹51.
- iii. A sales return of ₹500 was not entered in the financial accounts though it was duly taken in the stock book.
- iv. An amount of ₹300 was received in full settlement from a customer after he was allowed a discount of ₹50, but while writing the books, the amount received was entered in the discount column and the discount allowed was entered in the amount received column.
- v. Bills receivable from Mr. X of ₹1,000 was posted to the credit of Bills Payable Account and also credited to the account of Mr. X.

Prepare Suspense A/c and Profit & Loss Adjustment A/c.

**Solution****Books of .....****Dr.****Suspense Account****Cr.**

Particulars	Amount (₹)	Particulars	Amount (₹)
To Balance b/f [Difference in books - B/ Fig]	2,036	By P & L Adjustment A/c	36
		By Bills Receivable A/c	1,000
		By Bills Payable A/c	1,000
	2,036		2,036

**Profit & Loss Adjustment Account****Dr.****For the year ended.....****Cr.**

Particulars	Amount (₹)	Particulars	Amount (₹)
To Creditors A/c	100	By Drawings A/c	750
To Suspense A/c	36	By Bank A/c (₹ 300 – ₹ 50)	250
To Sundry Debtors A/c (Sales return not recorded)	500		
To Capital A/c (B/ Fig.)	364		
	1,000		1,000



## Multiple Choice Questions [MCQs]

1. **Errors are \_\_\_\_ mistakes**
  - a. Intentional.
  - b. Unintentional.
  - c. Undetected.
  - d. None of the three.
2. **It is easy to detect \_\_\_\_ than to \_\_\_\_ .**
  - a. Frauds, Errors
  - b. Mistakes, Errors
  - c. Errors, Frauds.
  - d. Errors, Mistakes.
3. **Which of the following errors is not disclosed by a Trial Balance?**
  - a. Errors of Omission
  - b. Errors of Commission
  - c. Compensating Errors
  - d. All of the above
4. **Which of the following cannot be detected by Trial Balance?**
  - a. Errors of Omission;
  - b. Errors of Principal;
  - c. Errors of Misposting;
  - d. All of the above.
5. **Which of the following errors are not revealed by the Trial Balance:**
  - a. Compensating errors
  - b. Errors of commission
  - c. Wrong balancing of an account
  - d. Wrong totalling of an account
6. **Rectification of Errors are first entered in –**
  - a. Journal Proper
  - b. Subsidiary Books
  - c. Trial Balance
  - d. Ledger
7. **Purchase of a laptop for office use wrongly debited to Purchase Account. It is an error of**
  - a. Omission
  - b. Commission
  - c. Principle
  - d. Mis-posting



8. A goods of the value ₹ 1,000 was returned by Debtor was taken into stock but no entry was made in the books. It is -
- Error of commission
  - Error of omission
  - Error of Principle
  - Not an error
9. Salaries paid ₹ 4,500 is shown on credit side of Trial Balance. The debit side of Trial Balance will be –
- Short by ₹ 4,500
  - Excess by ₹ 4,500
  - Short by ₹ 9,000
  - Excess by ₹ 9,000
10. If a purchase return of ₹84 has been wrongly posted to the debit of the sales return account, but had been correctly entered in the suppliers account, the total of the trial balance would show
- the credit side to be ₹ 84 more than debit side
  - the debit side to be ₹ 84 more than credit side
  - the credit side to be ₹ 168 more than debit side
  - the debit side to be ₹ 168 more than credit side
11. If a sales return of ₹ 1,500 has been wrongly posted to the credit of the purchase returns account, but has been correctly entered in the debtors' account, the total of the
- trial balance would show the debit side to be ₹3,000 more than the credit
  - trial balance would show the credit side to be ₹ 3,000 more than the debit
  - the debit side of the trial balance will be ₹1,500 more than the credit side
  - the credit side of the trial balance will be ₹1,500 more than the debit side
12. Which of the following errors will affect the trial balance?
- Repairs to building wrongly debited to Building A/c
  - Total of Purchase Journal cast short by ₹ 1,000.
  - Freight paid on new machinery debited to Freight A/c
  - None of the three.
13. Following errors have been rectified at the end of the year:
- The return inward book was undercast by ₹ 150.
  - The return outward book was overcast by ₹ 1,000.
  - A payment of ₹1,500 on account of salaries has been posted twice in the salaries account although entered correctly in the cashbook.
- The above errors if rectified, will give correct trial balance. Before rectification, balance of suspense account was
- ₹ 150 (Dr.)
  - ₹ 1,150 (Dr.)
  - ₹ 350 (Cr.)





- d. ₹ 1,500 (Cr.)
- 14. ₹ 1,000 paid as rent to Krishna, the landlord, was debited to Krishna's personal account. This error will-**
- Affect the trial balance
  - Not affect the trial balance
  - Affect the suspense account
  - None of the above.
- 15. Which of the following error is an error of omission?**
- Sale of ₹ 5,000 was written in the purchases journal.
  - Wages paid to Shyam has been debited to his account.
  - The total of the sales journal has not been posted to the sales account.
  - None of the above
- 16. An amount of ₹ 6,000 due from Anshul, which had been written off as a bad debt in a previous year, was unexpectedly recovered, and had been posted to the personal account of Anshul. The rectification entry will be**
- Anshul's A/c Dr. ₹ 6,000, To Suspense A/c ₹ 6,000.
  - Suspense A/c Dr. ₹ 6,000, To Bad debts recovered A/c ₹ 6,000.
  - Anshul's A/c Dr. ₹ 6,000, To Bad debts recovered A/c ₹ 6,000.
  - No rectification entry required.
- 17. After preparing the trial balance the accountant finds that the total of the debit side is short by ₹ 1,000. This difference will be-**
- Credited to suspense account.
  - Debited to suspense account.
  - Adjusted to any of the debit balance account.
  - Adjusted to any of the credit balance account.
- 18. A sale of ₹ 100 to A recorded in the Purchase Book would affect:**
- Sales Account
  - Purchases Returns Account
  - Sales Account, Purchases Account & A Account.
  - None of the above.
- 19. Goods purchased pass through sales book. Effect of this rectification will be-**
- Increase the gross profit
  - Decrease the gross profit
  - Have no effect on Gross Profit
  - Increase the net profit
- 20. Bad debt recovered credited to Debtors Account. Effect of this rectification will be-**
- Increase the gross profit
  - Have no effect on Gross Profit



- c. Increase the net profit
- d. Both (b) and (c)

**21. Choose the correct statements:**

- a. Errors of principle do not affect agreement of trial balance.
- b. Compensating errors affect trial balance.
- c. One side error does not affect trial balance.
- d. Error of casting is an error of principle.

**22. If a receipt of ₹ 21,500 for interest has been recorded in the books as payment of ₹ 12,500 for interest, the profits would show-**

- a. An increase of ₹ 9,000
- b. An increase of ₹ 34,000
- c. a decrease of ₹ 9,000
- d. a decrease of ₹ 34,000

**Answers**

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
b	c	d	d	a	a	c	b	c	d
11.	12.	13.	14.	15.	16.	17.	18.	19.	20.
b	b	c	b	c	c	b	c	b	d
21.	22.								
a	d								