Errors Not Affecting the Trial Balance

With these types of errors, the debit and credit columns of the Trial Balance will still be the same total.

These errors are corrected by means of **JOURNAL ENTRIES**.

Types of errors:

1. Errors of Commission – correct amount but **wrong persons'** account eg entered the amount into Davies' account instead of Davids' account.

Journal entry – cancel out of the wrong persons' account and put it into the correct persons' account

2. Errors of Principle – the transaction was entered into the **wrong type** of account eg entered the amount into the asset Vehicles instead of the expense Motor Expenses

Journal Entry – cancel out of the wrong account and put it into the correct account

3. Errors of Original Entry – the **wrong amount** was entered into the ledger accounts. Eg 100 instead of 1000

Journal entry – entry for the difference between the correct and incorrect amounts

4. Errors of Omission – a transaction which was **not entered** in the books at all. Eg an entry which should have been put in the sales day book

Journal entry – the entry will be the same as you would post from the day book concerned

5. Compensating errors – errors which cancel each other out eg when balancing the ledger account, the purchases account was added up by 100 too much as was the Sales account.

Journal entry – cancel the error by putting the amount on the opposite sides of each account

6. Complete Reversal - the amount is entered on the wrong sides of both accounts

Make sure the amount is DOUBLED

The double-entry for correction of errors <u>not affecting</u> the Trial Balance

1- Errors of Commission: D Short paid us by cheque $500 on 18th May 20X8. It is correctly entered in the cash book, but it is entered by mistake in the account for D. Small. We find the error on May 3 l 20X8.

Journal

Date	**Details**	**Dr**	**Cr**
20X8		$	$
May 31	D Short	500	
	D Small		500
Narrative	Correction of error of commission.		

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Dr D Small Account Cr

		$			$
May 18	Bank	500	May 31	D. Short	500

Dr D Short Account Cr

		$		$
May 31	D Small	500		

2- Errors of Principle: The purchase of a motor vehicle $55,500 by cheque on 14 May 20X8 has been debited in error to a motor expenses account. In the cash book it is shown correctly. We find the error on May 31 20X8.

Journal

Date	**Details**	**Dr**	**Cr**
20X8		$	$
May 31	Motor Vehicle	55,500	
	Motor Expenses		55,500
Narrative	Correction of error of principle.		

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Dr — Motor Expenses Account — Cr

		$			$
May 14	Bank	55,500	May 31	Motor Vehicle	55,500

Dr — Motor Vehicle Account — Cr

		$			$
May 31	Motor Expenses	55,500			

3- Errors of Original Entry: Sales of $1500 on May 13 20X8 to T. Biggins have been entered as both a debit and credit entry of $1300 to the correct accounts. We find the error on May 31 20X8.

Journal

Date	**Details**	**Dr**	**Cr**
20X8		$	$
May 31	T. Biggins	200	
	Sales		200
Narrative	Correction of error of original entry.		

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Dr — Sales Account — Cr

		$			$
			May 13	T. Biggins	1,300
			May 31	T. Biggins	200

Dr — T. Biggins Account — Cr

		$		$
May 13	Sales	1,300		
May 31	Sales	200		

4- Errors of Omission: A firm purchased goods from T Slope on May 13 20X8 for $2500 but forgot to enter them into the accounts. We find the error on May 31 20X8.

Journal

Date	**Details**	**Dr**	**Cr**
20X8		$	$
May 31	Purchases	2,500	
	T Slope		2,500
Narrative	Correction of error of ommission.		

Purchases Ledger

Dr	T Slope Account			Cr
	$			$
		May 31	Purchases	2,500

General Ledger

Dr		Purchases Account		Cr
		$		$
May 31	T Slope	2,500		

5- Compensating Errors: A firms Sales Day Book added up incorrectly to $100 to much but by coincidence so did the Purchases Day Book. We find the error on May 31 20X8.

Journal

Date	**Details**	**Dr**	**Cr**
20X8		$	$
May 31	Sales	100	
	Purchases		100
Narrative	Correction of compensation error.		

General Ledger

Dr — Sales Account — Cr

		$			$
May 31	Purchases	100	May 31	Total Sales Day Book (Overcast by $100)	9,500

Dr — Purchases Account — Cr

		$			$
May 31	Total Purchases Day Book (Overcast by $100)	4,500	May 31	Sales	100

6- Complete Reversal of Entries: We pay a cheque to D Charles on 28 May 20X8. However the $2,000 is entered as a debit entry in the cash book (Bank) and a credit entry in the D Charles account. We find the error on May 31 20X8.

Journal

Date	**Details**	**Dr**	**Cr**
20X8		$	$
May 31	Sales	100	
	Purchases		100
Narrative	Correction of compensation error.		

General Ledger

Dr — Bank (Cash Book) Account — Cr

		$			$
May 31	D Charles (Double to cancel out and correct error)	4,000	May 28	D. Charles	2,000

Purchases Ledger

Dr — D Charles Account — Cr

		$			$
May 28	Bank (Cash Book)	2,000	May 31	Bank (Double to cancel out error and put on correct side)	4,000

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