

Answer on Question #62499 - Economics - Accounting

Modern Traders completed books of accounts, prepared Trial Balance for 30th June 2006. It found "debits" exceeded "credits" by \$ 27,880 and was credited to suspense account, after sometime following errors were detected:

Sales returns book was undercast by \$1,000.

Purchase of furniture for \$3,000 was passed through purchase day book.

\$3,750 paid as wages to workers for making show-cases was charged to wages account.

Purchase of \$ 6,710 was posted to the debit of creditors account as \$ 6,170.

A cheque for \$2,000 received from Saleem was dishonoured & was passed to the debit of allowances account.

Goods costing \$ 1,000 had been returned by a customer and were taken into stock but no entry was made in the books.

A sale of \$ 2,000 to Imran & co. was credited to their account.

Sale amounting to \$10,000 was passed through purchased day book. The customer's account had however been correctly debited.

Required:

(A) Journal Entries (without narration) to rectify the errors with reasons.

(B) suspense Account

Solution

Journal Entries

Sl. No.	Particulars	Dr. Amount (Rs)	Cr. Amount (Rs)
1.	Sales Return A/c To undercast of sales return book	1,000	1,000
2.	Typewriter A/c To Purchase A/c	3,000	3,000
3.	Repairs A/c To Wages A/c	3,750	3,750
4.	Suspense A/c To Creditor A/c	12,880	12,880
5.	Saleem A/c To Suspense A/c	2,000	2,000
6.	Returns Inwards A/c To Suspense A/c	1,000	1,000

7.	Imran & co. To Suspense A/c	2,000	2,000
8.	Suspense A/c To Purchases A/c To Sales A/c	20,000	10,000 10,000

Suspense Account

Dr.

Cr.

Particulars	Rs	Particulars	Rs
		By Difference in Trial Balance (b.f.)	27,880
To Purchases A/c	10,000	By Saleem A/c	2,000
To Sales A/c	10,000	By Returns Inwards A/c	1,000
To Creditors A/c	12,880	By Imran & co.	2,000
	32,880		32,880