

Answer on Question #62545 - 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:

1. Sales returns book was undercast by \$1,000.
2. Purchase of furniture for \$3,000 was passed through purchase day book.
3. \$3,750 paid as wages to workers for making show-cases was charged to wages account.
4. Purchase of \$ 6,710 was posted to the debit of creditors account as \$ 6,170.
5. A cheque for \$2,000 received from Saleem was dishonoured & was passed to the debit of allowances account.
6. Goods costing \$ 1,000 had been returned by a customer and were taken into stock but no entry was made in the books.
7. A sale of \$ 2,000 to Imran & co. was credited to their account.
8. 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

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

Journal Entries

Sl. No.	Particulars	Dr. Amount (Rs)	Cr. Amount (Rs)
1.	Sales Return Accounting To undercast of sales return book	1,000	1,000
2.	Typewriter Accounting To Purchase Accounting	3,000	3,000
3.	Repairs Accounting To Wages Accounting	3,750	3,750
4.	Suspense Accounting To Creditor Accounting	12,880	12,880
5.	Saleem Accounting To Suspense Accounting	2,000	2,000
6.	Returns Inwards Accounting To Suspense Accounting	1,000	1,000
7.	Imran & co. To Suspense Accounting	2,000	2,000
8.	Suspense Accounting To Purchases Accounting To Sales Accounting	20,000	10,000 10,000

(B) suspense Account

Suspense Account

Dr.

Cr.

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