

Practice Test-2 (Subjective)

Sampurna June 2024

Accounting

BRS , Rectification of Errors

Q1 On 30th June, 2021, Cash Book of Ms. Suman (Bank Column of Account No. 1) shows a Bank Overdraft of *Rs.1,97,400*. On going through the Bank Pass book for reconciling the Balance, she found the following:

1. Out of cheques drawn on 26th June, those for *Rs.14,800* were cashed by the bankers on 2nd July.
2. A crossed cheque for *Rs.3,000* given to Abdul was returned by him and a bearer cheque was issued to him in lieu on 1st July.
3. Cash and cheques amounting to *Rs.13,600* were deposited in the Bank on 29th June., but cheques worth *Rs.5,200* were cleared by the Bank on 1st July., and one cheque for *Rs.1,000* was returned by them as dishonored on the latter date.
4. According to Suman's standing instructions, the bankers have on 30th June, paid *Rs.1,280* as interest to her creditors, paid quarterly premium on her policy amounting to *Rs.640* and have paid a second call of *Rs.2,400* on shares held by her and lodged with the bankers for safe custody. They have also received *Rs.600* as dividend on her shares and recovered an Insurance Claim of *Rs.3,200*, as their charges and commission charged on the above being *Rs.400*. On receipt of information of the above transaction, she has passed necessary entries in her Cash Book on 1st July.
5. Bankers seem to have given a wrong credit for *Rs.2,000* paid in by her in No. 2 account and wrong debit in respect of a cheque for *Rs.1,200* drawn against her No. 2 account.

Prepare a Bank Reconciliation Statement as on 30th June, 2021.

Q2 From the following particulars of M/s Swapnil enterprises, prepare a Bank reconciliation statement:

1. Bank overdraft as per Pass Book as on 31st March, 2021 was *Rs.8,800*.
2. Cheques deposited in Bank for *Rs.5,800* but only *Rs.2,000* were cleared till 31st March.
3. Cheques issued were *Rs.2,500*, *Rs.3,800* and *Rs.2,000* during the month. The cheque of *Rs.5,800* is still with the supplier .
4. Dividend collected by Bank *Rs.1.250* was wrongly entered as *Rs.1,520* in the Cash Book.
5. Amount transferred from fixed deposit A/c into the current A/c *Rs.2,000* appeared only in Pass Book .
6. Interest on overdraft *Rs.930* was debited by the Bank in the Pass Book and the information was received only on 3rd April 2021.
7. Direct deposit by M/s Rajesh Trader *Rs.400* not entered in the Cash Book.
8. Corporation tax *Rs.1,200* paid by the Bank as per standing instruction appears in PassBook only.

Q3 Mr.Naman was unable to agree the Trial Balance last year and wrote off the difference to the Profit and Loss Account of that year. Next Year, he appointed a Chartered Accountant who examined the old books and



found the following mistakes:

- (1) Purchase of Bike was debited to conveyance account Rs.6,000.
 - (2) Purchase account was over-cast by Rs.20,000.
 - (3) A credit purchase of goods from Mr.Gaurav for Rs.4,000 was entered as a sale.
 - (4) Receipt of cash from Mr.Ashish was posted to the account of Mr.Kapil Rs.2,000.
 - (5) Receipt of cash from Mr.Dhruv was posted to the debit of his account, Rs.1000.
 - (6) Rs.1000 due by Mr.Komal was omitted to be taken to the trial balance.
 - (7) Sale of goods to Mr.Sanjay for Rs.4,000 was omitted to be recorded.
 - (8) Amount of Rs.4,395 of purchase was wrongly posted as Rs.4,593.
- Mr.Naman used 10% depreciation on vehicles. Suggest the necessary rectification entries.

Q4 Give journal entries to rectify the following:

- (1) A purchase of goods from Manmeet amounting to Rs.300 has been wrongly entered through the Sales Book.
- (2) A Credit sale of goods amounting Rs.240 to Riya has been wrongly passed through the Purchase Book.
- (3) On 31st December, 2022 goods of the value of Rs.600 were returned by Hitesh and were taken into inventory on the same date but no entry was passed in the books.
- (4) An amount of Rs.400 due from Kartik , 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 Kartik.
- (5) A Cheque for Rs.200 received from Suraj was dishonoured and had been posted to the debit of Sales Returns Account.



Answer Key

Q1

Particulars		Plus (Rs.)	Minus (Rs.)
Overdraft as per Cash Book			1,97,400
Cheques issued but not presented for payment		14,800	
Crossed Cheque issued to Abdul not presented for payment		3,000	
Amounts collected by Bank on our behalf but not entered in the Cash Book			
Dividend	600		
(+) Insurance claim	3200		
(-) Bank Commission	400	3,400	
Amount paid in A/c No. 2 credited by the Bank wrongly to this A/c		2,000	
Cheques deposited in the bank but no cleared (5200 + 1000)			6,200
Payments made by Bank on our behalf but not entered in the Cash Book			
Interest	1,280		
(+) Premium	640		
(+) Second call	2,400		4,320
Cheques issued against A/c No. 2 but wrongly debited by the Bank to this A/c			1,200
Overdraft as per Pass Book		1,85,920	
		2,09,120	2,09,120

Q2

Particulars	Plus (Rs.)	Minus (Rs.)
Overdraft as per Pass Book		8,800
Cheques deposited but not cleared (5,800-2000)	3,800	
Dividend collected excess recorded in Cash Book (1,520-1,250)	270	
Interest on overdraft debited in Pass Book only	930	
Corporation tax paid appeared in Pass Book only	1,200	
Cheques issued but not presented till 31st March		5,800
Transfer from fixed deposit		2,000
Direct deposit by M/s Rajesh Trader		400
Overdraft as per Cash Book	10,800	
	17,000	17,000

Q3

Journal Entries in the books of Mr.Naman

	Particulars	Debit	Credit
	Motor Vehicles Account To Profit and Loss Adjustment A/c (Purchase of bike wrongly debited to conveyance account now rectified-capitalisation of Rs.5,400, i.e.,Rs.6,000 less 10% depreciation)	5,400	5,400
1.			
	Suspense Account To Profit & Loss Adjustment A/c (Purchase Account overcast in the previous year; error now rectified).	20,000	20,000
2.			
	Profit & Loss Adjustment A/c To Gaurav's Account (Credit purchase from	8,000	8,000
3.			



	Gaurav Rs.4,000, entered as sales last year; now rectified)		
4.	Kapil's Account To Ashish's Account (Amount received from Ashish wrongly posted to the account of Kapil ; now rectified)	2,000	2,000
5.	Suspense Account To Dhruv's Account (Rs.1000 received from Dhruv wrongly debited to his account; now rectified)	2,000	2,000
6.	Trade receivables To Suspense Account (Rs.1000 due by Komal not taken into trial balance; now rectified)	1,000	1,000
7.	Sanjay's Account To Profit & Loss Adjustment A/c (Sales to Sanjay omitted last year; now recorded)	4,000	4,000
8.	Suspense Account To Profit & Loss Adjustment A/c (Excess posting to purchase account last year Rs.4,593, instead of Rs.4,395, now adjusted)	198	198
9.	Profit & Loss Adjustment A/c To Naman's Capital Account (Balance of Profit & Loss Adjustment A/c transferred to Capital Account)	21,598	21,598
10.	Naman's Capital Account To Suspense Account (Balance of Suspense Account transferred to the Capital Account)	21,198	21,198

Note : Entries No. (2) and (8) may even be omitted; but this is not advocated.

P&L Adjustment

A/c
(Prior period
items)

Particulars	Amount	Particulars	Amount
To Gaurav	8,000	By Motor vehicles A/c	5,400
To Naman's Capital (transfer)	21,598	By Suspense A/c	20,000
		By Sanjay	4,000
		By Suspense A/c	198
	29,598		29,598

Suspense

Particulars	Amount	Particulars	Amount
To Profit & Loss Adjustment A/c	20,000	By Trade Receivable (Komal)	1000
To Dhruv	2,000	By Naman's Capital (transfer)	21,198
To Profit & Loss Adjustment A/c	198		
	22,198		22,198

Q4

S.no	Particulars	Debit	Credit
1.	Purchases A/c Sales A/c To Manmeet (Correction of wrong entry in the sales Book for a purchases of goods from Manmeet)	300 300	600
2.	Riya To Purchases A/c To Sales A/c (Correction of wrong entry in the Purchases Book of a	480	240 240



	credit sale of goods to Riya)		
3.	Returns Inwards A/c To Hitesh (Entry of goods returned by him and taken in inventory omitted from records)	600	600
4.	Kartik To Bad Debts Recovered A/c (Correction of wrong	400	400

	credit to Personal A/c in respect of recovery of previously written off bad debts)		
5.	Suraj To Sales Return A/c (Correction of wrong debit to Sales Returns A/c for dishonour of cheque received from Suraj)	200	200

