

**JAIIB**



# **Accounting & Financial Management for Bankers**

## **Module A** **Types of Errors**



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# TYPES OF ERRORS

## Errors of Omission

- Transaction is completely or partially omitted to be recorded.

## Errors of Commission

- Posting of correct amount but on wrong side.
- Posting of wrong amount but on correct or wrong side.
- Totalling error

## Compensating Error

- One mistake nullifies the wrong effect of another.

## Errors of Principle

- When accounting principles are not followed.



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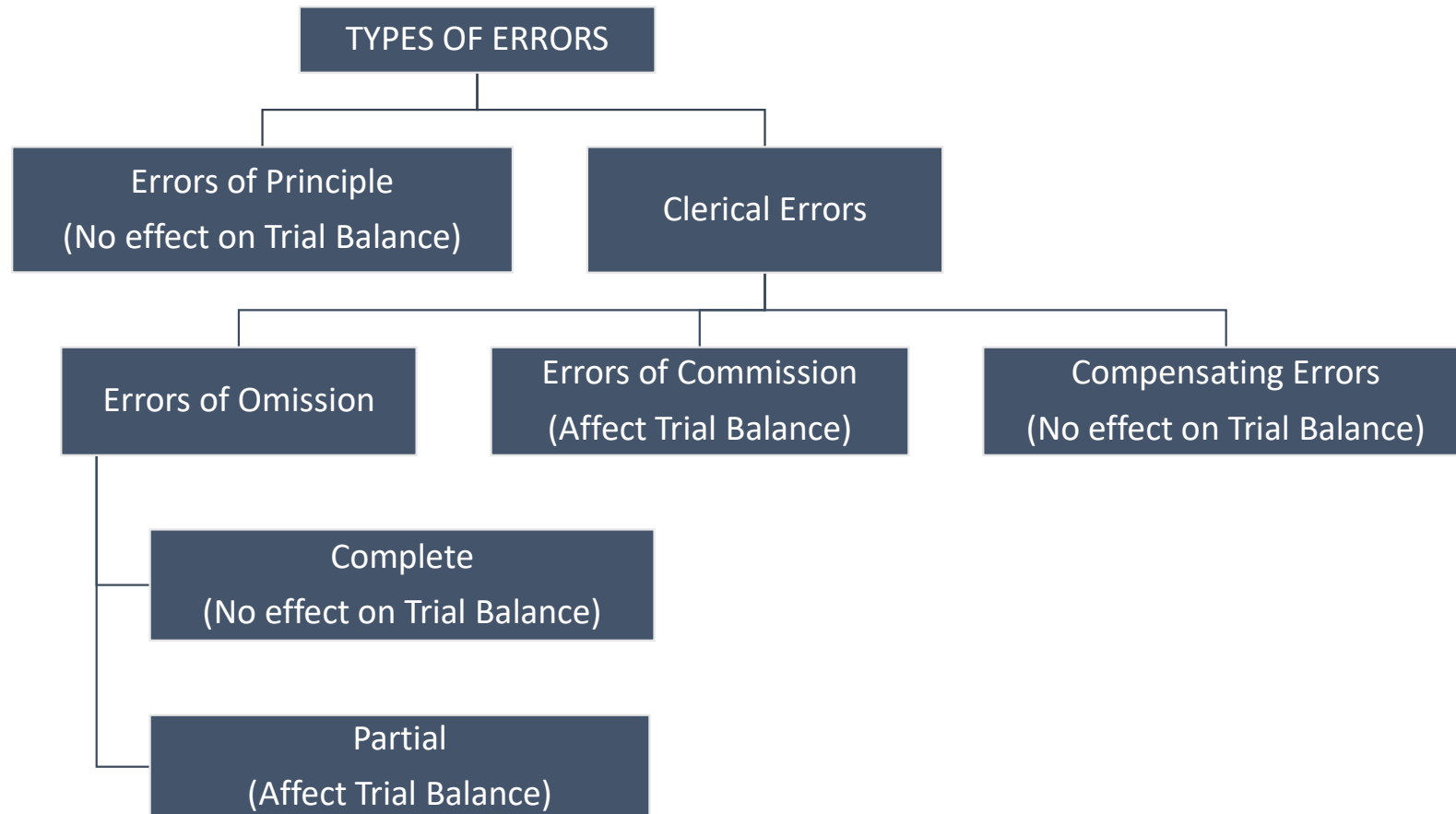


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# TYPES OF ERRORS



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# TYPES OF ERRORS

If wages paid for the installation of machinery is debited to the **wages account** instead of the machinery account, what type of error is this?

- A) Error of Commission
- B) Error of Principle
- C) Error of Omission
- D) Compensating Error

Answer: B) Error of Principle



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# RECTIFICATION OF ERRORS

## ONE SIDED ERRORS

- Some one-sided errors can be rectified by simply correcting the posting.

### EXAMPLE:

1. Rent paid ₹90 is posted as ₹900.

Correct Entry: Rent a/c debit to cash a/c Rs. 90

Wrong Posting: Rent a/c debit to cash a/c Rs. 900

Here rent account is debited in excess. The excess debit of Rs. 810 is to be reversed. Therefore, we credit Rent a/c with "By excess debit" Rs. 810.



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# RECTIFICATION OF ERRORS


## TWO SIDED ERRORS

- These effect two or more accounts.
- A rectification entry has to be passed to correct the error.

### EXAMPLE:

1. Goods purchased from Sohanlal wrongly recorded in sales register.

Particulars	L.F.	Dr.	Cr.
Sohanlal a/c To Sales		500	500



Particulars	L.F.	Dr.	Cr.
Purchases a/c To Sohanlal		500	500

Particulars	L.F.	Dr.	Cr.
Sales a/c Purchases a/c To Sohanlal (Being purchase of goods wrongly recorded in sales register now rectified.)		500 500	1000



*Thank You*

**For More Info Contact us:**

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