Correction of Errors

When compiling a trial balance errors can be made.

These are the errors that will be not be revealed by trial balance (CROPOC):

Errors:	
Error of commission-	This is where the transaction is entered into the wrong persons account. For example the amount should have been entered in S.Khans account but is entered into A.Khans account
Error of reversal entry-	This error occurs when debit and credit entries have been made in the accounts but on the wrong side. For example a cash sale entered wrongly as debit sales account and credit cash account. When it's meant to be debit cash account and credit the sales account
Error of omission-	When the amount has completely been omitted from the accounting book
Error of principle-	This is when the transaction has been entered into the wrong type of account. For example petrol used for the vehicles being entered in the motor vehicles account when it's an expense and should be entered in the motor vehicles expense account
Error of original entry-	This is when the correct accounts have been used and the side in which it son is right but the actual figure is wrong for example £45 being entered as £54.
Compensating error	This is when the two errors cancel each other out

These are errors that will be revealed by trial balance:

Transposition error :	Where, for example, one entry has been posted as £54 and another incorrectly posted as £45
Addition error:	Mistakes in the calculating of the trial balance itself or in the general ledger
Posting error:	Where one side of the transaction is not posted
Unequal posting error:	Where the debit side doesn't equal the credit side

If the trial balance doesn't balance, the errors are identified and corrected and the difference may be entered into a suspense account to temporarily enable the trial balance to agree.