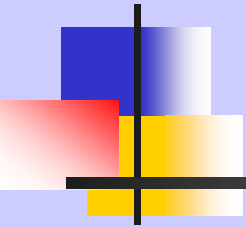


# COMMON ACCOUNTING ERRORS





# BASICS

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- There are some quick figures you should check first.
- Do the Assets equal the Liabilities plus Equity?
- Does the Cash GL account balance with the Bank Reconciliation?



# BASICS

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- Is the Net Profit or Loss figure on the Income Statement the same as the Net Profit or Loss figure found in the Equity Section of the Balance Sheet.



# BALANCING

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- Using double-entry accounting means your books are designed to be “in-balance”. If they are not in balance there is an error.
- After running a set of financial statements, it is important to check the general ledger account balances on the Balance Sheet.



# TRANSPOSITION

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- A transposition error happens when you reverse two digits in a number or leave a zero off the end of a number. Both are extremely easy to do. Transposition errors always result in differences divisible by 9.
- EXAMPLE:
- Instead of writing 72 you wrote 27.



# TRANSPOSITION

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- When the difference (the amount you are out of balance or off from the expected total) is evenly divisible by 9, you have a transposition error.
- Take the digits of the number you want to check and add them together. If the result has more than 1 digit, add those digits together until you get a single digit. If that single digit is 9, then the number is evenly divisible by 9.



# DEBIT/CREDIT ERRORS

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- If you are working with debit and credit columns and totals, you have two techniques to quickly locate errors. You must compute the difference (the amount you are out of balance).



# DEBIT/CREDIT ERRORS

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- Look through the listing of figures you were balancing to see if you can locate the exact amount of the difference. This would occur if you left out a number when adding or posting the figures. If you find the exact amount, you've found the error.



# DEBIT/CREDIT ERRORS

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- If that fails, divide your difference by 2. Check your listings of figures or balances for that number. If you add or post a number in the wrong column (as a debit when it should be a credit), your difference will always be double the amount that you put in the wrong column. If you find this figure, it's probably in the wrong column.



# BEGINNING/FORWARD BALANCE

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- Always make sure you are using the correct balance.
- If your beginning balance or balance forward was incorrect, you'll have to go back to a previous period to find the error.



## WORK CITED

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Accounting for Non-Accountants' Blog

- <http://reallifeaccounting.com/blog/archive/2005/01/04/205.aspx>

eSSORTMENT

- [http://www.essortment.com/all/accountingtechn\\_rtgh.htm](http://www.essortment.com/all/accountingtechn_rtgh.htm)