

# Trial Balance

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# INTRODUCTION

- ✓ Trial balance is a statement.
- ✓ Prepared with the help of ledger accounts.
- ✓ For checking arithmetical accuracy of the books.
- ✓ It helps in preparing financial statement.
- ✓ It prepared on particular date.

# MEANING

Trial balance is a statement, prepared with the debit and credit balances of ledger accounts to test the arithmetical accuracy of the books.

# CHARACTERISTICS OF TRIAL BALANCE

- It just a statement, not an account.
- It is a list of all ledger accounts.
- It is neither part of double entry system, nor does it appear in actual books of accounts. It is a just a working paper.
- It always prepared on particular date and not for a particular period.
- It is prepared to check arithmetical accuracy of the ledger accounts.
- It can be prepared at any time during the particular period such as at the end of every month, every quarter, every half year or every year.

# OBJECTIVES OF TRIAL BALANCE

- @ To ascertain the arithmetical accuracy of the ledger accounts.
- @ To help in locating errors.
- @ To obtain a summary of the ledger accounts.
- @ To help in the preparation of final accounts.

# FORMAT OF TRIAL BALANCE

Trial balance of.....  
as at .....

Name of Accounts	L. F.	Dr. Balance ₹	Cr. Balance ₹
Total			

# ILLUSTRATION

1. Prepare a trial balance from the following balances of Sh. Keshav Chand as at 31<sup>st</sup> march, 2016 :-

Name of Accounts	₹	Name of accounts	₹
Opening stock	20,000	Sales return	10,000
Purchases	80,000	Rent	2,000
Purchases return	10,000	Salaries	5,000
Furniture	1,00,000	Drawing	8,000
Machinery	50,000	Capital	1,50,000
Debtors	30,000	Cash in hand	20,000
Sales	1,60,000	Creditors	2,000

Sol :-

Trial Balance of Sh. Keshav Chand  
as at 31<sup>st</sup> March, 2016

Name of Accounts	L.F.	Dr. Balance ₹	Cr. Balance ₹
Opening stock		20,000	
Purchases		80,000	
Purchases return			10,000
Furniture		1,00,000	
Machinery		50,000	
Debtors		30,000	
Sales			1,60,000
Sales return		10,000	
Rent		2,000	
Salaries		5,000	
Drawing		8,000	
Capital			1,50,000
Cash in hand		20,000	
Creditors			2,000
Total		3,22,000	3,22,000



2. From the following ledger balances prepare trial balance :-

Capital = ₹ 30,000

Rent Outstanding = ₹ 2,000

Amount due to Jyoti = ₹ 10,000

Amount due from Rahul = ₹20,000

Drawing = ₹ 5,000

Goodwill = ₹ 10,000

Purchases = ₹ 1,00,000

Sales = ₹ 1,50,000

Discount allowed = ₹ 1,000

Discount received = ₹ 2,000

Land & Building = ₹ 50,000

Advertisement = ₹4,000

Sol.

Trial Balance of .....  
as at .....

Name of Accounts	L.F .	Dr. Balance ₹	Cr. Balance ₹
Capital			30,000
Rent outstanding		2,000	
Amount due to Jyoti			10,000
Amount due from Rahul		20,000	
Drawing		5,000	
Goodwill		10,000	
Purchases		1,00,000	
Sales			1,50,000
Discount allowed		1,000	
Discount received			2,000
Land & Building		50,000	
Advertisement		4,000	
Total		1,92,000	1,92,000

# EXERCISE (DO IT YOURSELF)

1. From the following ledger balances prepare trial balance :-

Capital = ₹ 20,800

Creditors = ₹ 15,000

Goodwill = ₹ 12,000

Rent outstanding = ₹ 1,480

Interest received = ₹ 2,000

Discount received = ₹ 1,680

Debtors = ₹ 26,000

2. Prepare a trial balance from the following balances taken as at 31<sup>st</sup> march 2016 :-

	₹		₹
Capital	2,50,000	Miscellaneous receipt	3,600
Drawings	24,000	Bad debts	7,100
Debtors	57,000	Bills receivables	5,000
Creditors	28,500	Loan from X	20,000
Land & Building	1,80,000	Interest on X's loan	3,000
Plant	1,20,000	Cash in hand	8,400
Stock 1-4-2015	22,800	Goodwill	10,000
Factory expenses	16,600		
Office expenses	7,700		
Purchases return	6,000		
Stationery	500		
Freight	2,500		
Purchases	2,15,300		
Sales	3,80,000		
Miscellaneous expenses	8,200		

3. The following is incorrect trial balance. Redraft it in a correct form :-

Trial Balance of .....  
for the year ending 31<sup>st</sup> march 2017

Name of Accounts	L. F.	Dr. Balance ₹	Cr. Balance ₹
Sundry Debtors		12,200	
Sundry Creditors			9,200
Opening stock		15,600	
Purchases		53,500	
Purchases return		2,100	
Cash in hand		11,000	
Machinery		40,200	
Goodwill			10,000
Sales			86,200
Sales return			7,800
Loan from Ram		20,000	
Interest on Ram's Loan		3,000	
Bill receivables			6,400

Continue....

Name of Accounts	L. F.	Dr. Balance ₹	Cr. Balance ₹
Capital		57,000	
Life Insurance Premium		5,600	
Carriage		1,600	
Advertisement		2,500	
Discount received		1,500	
Investment		8,000	
Interest on investment		800	
Total		1,77,000	1,77,000



Thank you