

CH : TRIAL BALANCE

→ Trial Balance is a **statement**, prepared with **debit** and **credit** balances of the ledger Accounts to test the arithmetical accuracy of the books.

→ Objectives :- (1/3 Marks)

- (a) To ascertain **arithmetical accuracy** of the books
- (b) To help prepare the **final accounts**
- (c) To **provide summary** of each account
- (d) To help in **identifying errors**

→ PROFORMA of Trial Balance

Trial Balance as at Any particular date

Head of Accounts	4/F	Debit (₹)	Credit (₹)
CLEAR		E A	C L R
TOTAL		XXXX	XXXX

→ **Important points to remember** :-

- (i) Closing stock does not appear in Trial Balance (because it is already included in purchase)
- (ii) $\text{COST of goods sold} = \text{Opening Stock} + \text{Purchases} - \text{Closing Stock}$
(Adjusted purchase)

4/ Prepare the Trial Balance of Rajesh as on 31st March, 2021. He has omitted to open a Capital Account: CLEAR

	₹		₹
Bank Overdraft — L	85,000	Purchases — E	4,45,000
Sales — R	8,10,000	Cash in Hand — A	8,500
Purchases Return — R	22,500	Creditors — L	2,15,000
Debtors — A	4,00,500	Sales Return — E	15,750
Wages — E	96,000	Equipment — A	25,000
Capital — C	?	Opening Stock — A	3,00,500
			[Capital—₹ 1,58,750.]

Sol:- Trial Balance as on 31 March

Head of Accounts	4/F	Debit (₹)	Credit (₹)
Bank overdraft			85,000
Sales			810,000
Purchase Return			22,500
Debtors		400,500	
Wages		96,000	
Capital			158,750
Purchases		445,000	
Cash in hand		8,500	
Creditors			215,000
Sales Return		15,750	
Equipment		25,000	

Cash in hand	0,000	
Creditors	15,750	215,000
Sales Return	25,000	
Equipment	300,500	
Opening Stock		
TOTAL	12,91,250	12,91,250

8/ From the following Ledger account balances extracted from the books of Ashok, prepare a Trial Balance as on 31st March, 2021:

		₹			₹
Purchases	E — Dr	1,04,000	Drawings	E/A — Dr	7,950
Sundry Debtors	A — Dr	18,550	Sundry Creditors	L — Cr	8,300
Premises	A — Dr	62,000	Returns Inward	E — Cr	5,360
Sales	R — Cr	1,49,000	Furniture	A — Dr	15,600
Returns Outward	R — Cr	8,900	Cash in Hand	A — Dr	390
Rates and Taxes	E — Dr	780	Capital	C — Cr	85,000
Cash at Bank	A — Dr	1,560	Factory Wages	E — Dr	5,830
Carriage Inwards	E — Dr	650	Carriage Outwards	E — Dr	260
Salaries	E — Dr	3,900	Rent Received	R — Cr	2,990
Stock (1st April, 2020)	A — Dr	25,000	Insurance	E — Dr	2,100
Input IGST A/c	A — Dr	5,000	Bad Debts	E — Dr	260
Input CGST A/c	A — Dr	2,500	Output IGST A/c	L — Cr	10,000
Input SGST A/c	A — Dr	2,500			

[Trial Balance Total—₹ 2,64,190.]

11. Prepare correct Trial Balance from the following Trial Balance in which there are certain mistakes:

Heads of Accounts	Dr. (₹)	Cr. (₹)
Cost of Goods Sold (Adjusted Purchase) = $op. stock + purchase - cl. stock = 1,50,000$	1,50,000	...
Closing Stock is to be shown now in Trial Balance (A)	...	40,000
Debtors (A)	60,000	...
Creditors (L)	...	30,000
Fixed Assets (A)	50,000	...
Opening Stock Not to be shown in Trial Balance	60,000	...
Expenses (E)	20,000	...
Sales (R)	...	2,00,000
Capital (C)	90,000	...
Total	3,50,000	3,50,000

[Total of Correct Trial Balance—₹ 3,20,000.]

Correct Trial Balance

Head of Accounts	UF	Debit (₹)	Credit (₹)
Adjusted purchase — E		150,000	
Closing stock		40,000	
Debtors		60,000	
Creditors			30,000
Fixed asset		50,000	
Expenses		20,000	
Sales			200,000
Capital			90,000
TOTAL		320,000	320,000

* 12. Correct the following Trial Balance:

Debit Balances	₹	Credit Balances	₹
Opening Stock — A — Dr	1,02,600	Debtors — A — Dr	45,000
Returns Outward — R — Cr	48,000	Carriage Outwards — E — Dr	15,000
Salaries — E — Dr	36,000	Capital — C — Cr	1,65,600
Creditors — L — Cr	84,000	Machinery — A — Dr	54,000
Bank — A — Dr	1,35,000	Returns Inward — E — Dr	9,000
Carriage Inwards — E — Dr	18,000	Insurance Claim Received — R — Cr	12,000

Creditors	L	Cr	84,000	Machinery	A	Dr	54,000
Bank	A	Dr	1,35,000	Returns Inward	E	Dr	9,000
Carriage Inwards	E	Dr	18,000	Insurance Claim Received	R	Cr	12,000
Rent Received	R	Cr	9,000	Trade Expenses	E	Dr	18,000
Discount Allowed	E	Dr	6,000	Sales	R	Cr	4,20,000
Purchases	E	Dr	3,00,000	Building	A	Dr	60,000
Bills Payable	L	Cr	60,000				
			7,98,600				7,98,600

[Total of Correct Trial Balance—₹ 7,98,600.]