

A trial balance (without figures) is given below with some of accounts which are usually shown in Trial Balance. This will give us an idea as to what types of balances most of the accounts have.

Name of Account		Dr. ₹	Cr. ₹	Name of Account		Dr. ₹	Cr. ₹
Capital A/c	(Cr.)		✓	Interest on Loan taken	(Dr.)	✓	
Drawings A/c	(Dr.)	✓		Bank Interest	(Dr.)	✓	
Salary A/c	(Dr.)	✓		Bank Charges	(Dr.)	✓	
Bad debts A/c	(Dr.)	✓		Electricity	(Dr.)	✓	
Bad debts reserve A/c	(Cr.)		✓	Manager's Salary	(Dr.)	✓	
Carriage inward A/c	(Dr.)	✓		Discount allowed	(Dr.)	✓	
Carriage outward A/c	(Dr.)	✓		Discount received	(Cr.)		✓
Railway Freight	(Dr.)	✓		Commission received	(Cr.)		✓
Octroi	(Dr.)	✓		Postage, Telegram	(Dr.)	✓	
Productive wages	(Dr.)	✓		Selling Expenses	(Dr.)	✓	
Unproductive wages	(Dr.)	✓		Depreciation on Assets	(Dr.)	✓	

Trial Balance

Royalty	(Dr.)	✓		Interest received	(Cr.)		✓	173
Factory Rent	(Dr.)	✓		Dividend received	(Cr.)		✓	
Office Rent	(Dr.)	✓		Apprentice Premium	(Cr.)		✓	
Coal, Gas, Water	(Dr.)	✓		Goodwill	(Dr.)	✓		
Tax, Insurance etc.	(Dr.)	✓		Bills Payable	(Cr.)		✓	
Printing, Stationery	(Dr.)	✓		Loose Tools	(Dr.)	✓		
Machinery	(Dr.)	✓		Cash on hand	(Dr.)	✓		
Land and Building	(Dr.)	✓		Bank balance	(Dr.)	✓		
Patents and Trade Mark	(Dr.)	✓		Bank overdraft	(Cr.)		✓	
Motor Car	(Dr.)	✓		Provident Fund	(Cr.)		✓	
Trade Expenses	(Dr.)	✓		Provident Fund				
Packing Expenses	(Dr.)	✓		Contribution	(Dr.)	✓		
Charity	(Dr.)	✓		Provident Fund				
Goods given as Charity	(Cr.)		✓	Investments	(Dr.)	✓		
Loss by theft	(Dr.)	✓		Audit Fees	(Dr.)	✓		
Goods lost due to theft	(Cr.)		✓	Loss by fire	(Dr.)	✓		
Repairs	(Dr.)	✓		Goods burnt by fire	(Cr.)		✓	
Bad debts recovery	(Cr.)		✓	Advertisement	(Dr.)	✓		
Purchases	(Dr.)	✓		Goods given as				
Purchases Returns	(Cr.)		✓	samples	(Cr.)		✓	
Sales	(Cr.)		✓	Rent received	(Cr.)		✓	
Sales Returns	(Dr.)	✓		Salesmen's salary	(Dr.)	✓		
Opening Stock	(Dr.)	✓		Unpaid salary	(Cr.)		✓	
Vehicles	(Dr.)	✓		Prepaid Insurance	(Dr.)	✓		
Furniture	(Dr.)	✓		Bank Loan	(Cr.)		✓	
Investments	(Dr.)	✓		Income tax	(Dr.)	✓		
Debtors	(Dr.)	✓		Sales tax	(Dr.)	✓		
Bills Receivable	(Dr.)	✓		General Reserve	(Cr.)		✓	
Creditors	(Cr.)			Sundry Expenses	(Dr.)	✓		
Loan given	(Dr.)	✓		Legal Expenses	(Dr.)	✓		
Fixed Deposit	(Dr.)	✓		Factory insurance	(Dr.)	✓		
Interest on Capital	(Dr.)	✓		Travelling Expenses	(Dr.)	✓		
Interest on Drawings	(Cr.)		✓	Leasehold Premises	(Dr.)	✓		

► EXERCISES:

A. THEORY:

- (1) What is a Trial Balance? Why is it prepared?
- (2) Discuss the characteristics of a Trial Balance.

[Ans.: Income, Hence Credit Balance.]

C. PRACTICAL:

Ex. 1: Prepare a Trial Balance from the following balances:

Name of Account	₹	Name of Account	₹
Capital	24,000	Railway Freight	700
Drawings	4,850	Insurance	1,200
Purchases	65,000	Commission (Credit)	900
Purchases returns	4,500	Creditors	28,000
Sales returns	5,600	Discount received	500
Sales	82,100	Bills Receivable	5,600
Wages	6,300	Bills Payable	3,500
Carriage	850	Advertisement expenses	600
Debtors	20,400	Travelling expenses	400
Salary	1,370	Rent	1,100
Furniture	4,500	Cash balance	2,500
Buildings	15,000	Bank balance	4,750
Misc. Expenses	1,100	6% Mortgage Loan	4,000
Opening stock of goods	7,640	Interest on Loan	240

[Ans: Total of Trial Balance ₹ 1,48,600, 6% Mortgage Loan has a Credit Balance and Interest on Loan has a Debit balance.]

Ex. 2: Prepare a Trial Balance as on 30th June, 2024 from the balances given below:

Name of Account	₹	Name of Account	₹
Capital	21,618	Drawings	2,000
Stock of goods	9,200	Purchases	48,620
Purchases Returns	1,160	Sales	57,920
Sales Returns	1,720	Carriage Inward	3,720
Rent and Taxes	1,100	Salary	1,860
Debtors	4,800	Creditors	2,960
Bank Loan	4,000	Interest on Bank Loan	180
Printing and Stationery	2,960	Interest on Investment	50
Bank balance	1,600	Discount received	838
Discount allowed	1,508	Investment	1,000
Furniture	360	Misc. expenses	782
Audit fees	140	Legal expenses	160
Insurance Premium	120	Travelling expenses	466
Postage and Telegram	174	Cash balance	76
Deposit with Jaymal Tejmal	6,000		

[Ans.: Total of Trial Balance ₹ 88,546, Interest on investment-Credit balance, Investment-Debit balance and Deposit with Jaymal Tejmal-Debit balance.]

Ex. 3: Prepare a Trial Balance from the following balances of Shri Rajesh Khanna as on 31st December, 2023:

Name of Account	₹	Name of Account	₹
Rajesh's Capital	60,000	Wages outstanding	250
Rajesh's Drawings	10,000	Misc. expenses	2,500
Land and Building	25,000	Rent (paid upto 30/11/2023)	2,750
Plant and Machinery	50,000	Commission due but not paid	250
Furniture and Fixtures	5,000	Postage and Telegram	1,450
Stock (1/1/2023)	15,500	Stationery	26,000
Purchases	1,06,000	Carriage inward	2,800
Sales	2,08,050	Carriage outward	4,200
Sales returns	4,900	Wages	4,500
Purchases returns	2,400	Bad debts	600
Sundry Debtors	30,200	Commission (Credit)	500
Sundry Creditors	9,600	Apprentice Premium (Recd. for 2 years from 1/7/202)	1,200
Rekha's 5% Loan (taken on 1/1/2023)	30,000	Cash balance	1,400
Interest on 5% Loan	750	Bank balance	6,400
Prepaid Insurance	300		
Salary	12,000		

[Ans.: Total of Trial Balance ₹ 3,12,250.]

Ex. 4: The following balance have been extracted from the books of Mrs. Parul as on 31st March, 2023. Though the totals of two sides agree, there are some errors left in it. Correct these errors and rewrite the Trial Balance:

Name of the Account	L. F.	Debit Bal. ₹	Credit Bal. ₹
Debtors		17,662	—
Bills Receivable		2,000	—
Creditors		—	5,182
Wages		3,140	—
Salary		3,000	—
Trade Expenses		140	—
Stock of Goods		10,900	—
Machinery		1,144	—
Bills payable		—	2,000
Bad debts		220	—
Office Expenses		648	—
Capital		—	30,000
Furniture		1,000	—
Commission		40	—
Bank Overdraft		—	3,012
Loan taken		—	900
Interest on Bank Overdraft		—	60
Interest on Loan taken		—	24
Purchases		24,490	—
Sales		—	35,110
Sales returns		—	114
Purchases returns		2,182	—
Land and Building		11,000	—
Misc. Expenses		852	—
Carriage Inward		—	1,984
Carriage Outward		506	—
Rent received		—	704
Cash balance		166	—
* Total *		79,090	79,090

[Ans.: Total of Trial Balance ₹ 79,090, Errors : (1) Interest on Bank overdraft and interest on Loan taken are debit balances. (2) Carriage inward is a debit balance.]

Ex. 5: Following Trial Balance of Suzan Modasiya prepared as on 31st March, 2023 is arithmetically tallied, has certain accounting errors. You are required to detect the accounting errors and draw up correct Trial Balance.