



320en09

9

TRIAL BALANCE



Whenever you attempt a question in arithmetic you try to verify whether your answer is correct or not. If you attempt to solve any other type of problem you want to ensure that it has been correctly solved. For this you try to find out some ways or means. Similarly an accountant also wants to be sure that the ledger accounts he/she has prepared are correct in respect of amount, side, balance, etc. To check the accuracy of posting in the ledger a statement is prepared. This statement is called Trial Balance. You also know that accounts are prepared by applying double entry system. According to this system every debit of a transaction has corresponding credit for the same amount. Hence, the total of debit balances of different accounts in the ledger must be equal to the total of the credit balances in the remaining accounts, provided transactions have been correctly posted in the ledger. A statement is prepared containing these balances with two columns i.e. debit column containing debit balances and credit column containing credit balances and the debit column total is compared with credit column total. If the columnar totals are same it implies that ledger accounts are arithmetically accurate.

In this lesson, you will learn about meaning, objectives and preparation of Trial Balance.



OBJECTIVES

After studying this lesson you will be able to :

- state the meaning of Trial Balance;
- explain the objectives of preparing Trial Balance
- prepare a Trial Balance as per the format;
- identify the need for a Suspense A/c in case the Trial Balance does not tally and
- infer the possibility of errors even if the Trial Balance tallies.



Notes

9.1 MEANING AND OBJECTIVES OF PREPARING TRIAL BALANCE

If you recall the steps in the accounting procedure you find that at first the transactions are entered in the Journal and Special Purpose Books like Cash Book, Purchases Book, Sales Book, etc. From these books items are posted in the ledger in their respective accounts. Finally, at the end of the accounting year these accounts are balanced. To check the accuracy of posting in the ledger a statement is prepared with two columns i.e. debit column and credit column which contains debit balances of accounts and credit balances of accounts respectively. Total of the two columns are if equal, it means the ledger posting is arithmetically correct. This statement is called Trial Balance.

Trial Balance may be defined as a statement which contains balances of all ledger accounts on a particular date.

Trial Balance consists of a debit column with all debit balances of accounts and credit column with all credit balances of accounts. The totals of these columns if tally it is presumed that ledger has been maintained correctly. However, Trial Balance proves only the arithmetical accuracy of posting in the ledger.

Objectives of Preparing a Trial Balance

Following are the objectives of preparing Trial Balance

- (i) **To Check Arithmetical Accuracy :** Arithmetical accuracy in ledger posting means writing correct amount, in the correct account and on its correct side while posting transactions from various original books of accounts, such as Cash Book, Purchases Book, Sales Book, etc. It also means not only the correct balance of ledger account but also the totals of the special purpose Books.
- (ii) **To Help in Preparing Financial Statements :** The ultimate objective of the accounting is to prepare financial statements i.e. Trading and Profit and Loss Account, and Balance sheet of a business enterprise at the end of an accounting year. These statements contain balances of various ledger accounts. As Trial Balance contains balances of all ledger accounts, in financial statements the balances of ledger accounts are carried from the Trial balance for proper analysis.
- (iii) **Helps in Locating Errors :** If total of two columns of the trial balance agrees it is a proof of arithmetical accuracy in the ledger posting. However, if the totals of the two columns do not tally it indicates that there are some mistake in the ledger accounts. This prompts the accountant to find out the errors.
- (iv) **Helps in Comparison :** Comparison of ledger account balances of one year with the corresponding balances with the previous year helps the management taking some important decisions. This is possible by using the Trial Balances of the two years.

- (v) **Helps in Making Adjustments :** While making financial statements adjustments regarding closing stock, prepaid expenses, outstanding expenses etc are to be made. Trial balance helps in identifying the items requiring adjustments in preparing the financial statements.

Trial Balance is generally prepared at the end of the year. However it can be prepared at any time during the accounting year to check the accuracy of the posting.



Notes



INTEXT QUESTIONS 9.1

Fill in the blanks with suitable word or words :

- (i) Trial balance has column and column of balances of accounts.
- (ii) If totals of two columns of Trial Balance are equal it means the is correct.
- (iii) Trial Balance proves only the accuracy of ledger posting.
- (iv) One of the objectives of preparing Trial Balance is helping to locate
- (v) While preparing the ledger account balances are carried from the Trial Balance.

9.2 PREPARATION OF TRIAL BALANCE

Trial Balance is not an account. It is only a list or schedule of balances of ledger accounts including cash and bank balances. It is prepared on a particular date. The accounts having a debit balance are entered in the debit amount column and credit balance accounts are entered in the credit amount column. The totals of the two sides of the accounts may also be used to prepare trial balance. The sum of each column should be equal. The standard format of a trial balance is given below :

Trial Balance of
As at(closing date)

<i>Name of the Account</i>	<i>LF</i>	<i>Dr. Balance (₹)</i>	<i>Cr. Balance (₹)</i>



Notes

The name of the business firm is written on the top of the statement with Trial Balance. Under this we write the date on which Trial Balance is prepared.

Trial Balance has three columns : Name of the Ledger Account, Debit Amount and Credit Amount.

In the ledger account column we write the name of the account. In the Debit amount column we write the amount of debit balance of the account (or the total of the debit side of the account). Similarly in the credit amount column we write the amount of credit balance of the account (or the total of the credit side of the account).

Finally, columnar total is done and compared.

Steps to prepare Trial Balance

- (i) At first ascertain the balance account wise of all the ledger accounts.
- (ii) Write the name of the ledger account in the ledger account column.
- (iii) Write against the name of the ledger account, the balance amount/total amount, debit balance/total in the debit column; and credit balance/total in the credit column.
- (iv) Add the debit balance/total amount column and credit balance/total amount column.

There are three methods of preparing Trial Balance

- (i) **Balance Method :** In Balance method, the balance of each account (which may be debit balance or credit balance) is extracted and written against each account; we write debit balance in the debit column and credit balance in the credit column.
- (ii) **Total Method :** In this method the total of both sides of every account in the ledger is written against the name of the respective account without balancing them in the form of debit and credit balances respectively.
- (iii) **Balance Total Method :** Trial Balance is prepared by combining the first and second methods.

However, in practice the trial balance is prepared with debit and credit balances of various accounts in the ledger. Normally balance method is used.

Illustration 1

From the following ledger accounts of a trader closed as on 31st January, 2014, prepare Trial Balance.

Trial Balance

MODULE - 2

Trial Balance and Computers



Notes

Capital A/c

Dr.				Cr.			
Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2014				2014			
Jan .31	Balance c/d		1,00,000	Jan.31	Bank A/c		1,00,000
			1,00,000				1,00,000
				Feb. 1	Balance b/d		1,00,000

Sales A/c

Dr.				Cr.			
Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2014				2014			
Jan .31	Balance transferred to Trading A/c		70,000	Jan. 8	Bank A/c		24,000
			70,000	Jan. 15	Vikram's A/c		46,000
							70,000

Purchases A/c

Dr.				Cr.			
Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2014				2014			
Jan. 5	Pranaya's A/c		40,000	Jan. 31	Stock A/c		15,000
Jan. 14	Bank A/c		55,000	Jan. 31	Balance transferred to Trading A/c		80,000
			95,000				95,000

Vikram's A/c

Dr.				Cr.			
Date	Particulars	JF	Amount ₹	Date	Particulars	JF	Amount ₹
2014				2014			
Jan. 15	Sales A/c		46,000	Jan. 31	Balance c/d		46,000
			46,000				46,000
Feb. 1	Balance b/d		46,000				

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Trial Balance and Computers



Notes

Trial Balance

Pranaya's A/c

Dr. Cr

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2014				2014			
Jan. 31	Balance cld		40,000	Jan. 5	Purchases A/c		40,000
			40,000				40,000
				Feb. 1	Balance b/d		40,000

Rent Received A/c

Dr. Cr

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2014				2014			
Jan. 31	Balance transferred to Profit and Loss A/c		1,500	Jan. 31	Bank A/c		1,500
			1,500				1,500

Bank A/c

Dr. Cr

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
	Capital A/c		1,00,000		Purchases A/c		55,000
	Sales A/c		24,000		Commission A/c		1,800
	Rent received		1,500		Drawings A/c		2,000
			1,25,500		Balance c/d		66,700
							1,25,500

Commission A/c

Dr. Cr

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2014				2014			
Jan. 20	Bank A/c		1,800	Jan. 31	Balance transferred to Profit and Loss A/c		1,800
			1,800				1,800

Trial Balance

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Trial Balance and Computers



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Stock A/c

Dr.

Cr

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2014				2014			
Jan. 31	Purchases A/c		15,000	Jan. 31	Balance cld		15,000
			15,000				15,000
Feb. 1	Balance b/d		15,000				

Drawings A/c

Dr.

Cr

Date	Particulars	JF	Amount ₹	Date	Particulars	JF	Amount ₹
2014				2014			
Jan. 31	Bank A/c		2,000	Jan. 31	Balance cld		2,000
			2,000				2,000
Feb. 1	Balance b/d		2,000				

Solution :

Trial Balance as on 31 Jan. 2014

Name of the Ledger Account	Dr. Balance (₹)	Cr. Balance (₹)
Capital		1,00,000
Sales		70,000
Purchases	80,000	
Vikram	46,000	
Pranaya		40,000
Commission	1,800	
Rent received		1,500
Drawings	2,000	
Closing Stock	15,000	
Cash at Bank	66,700	
	2,11,500	2,11,500



Illustration 2

From the following ledger accounts of Rohan Bros prepare Trial Balance by (i) total method (ii) combined method (both balance method and total method) :

Cash A/c

Dr. Cr

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2014				2014			
Jan. 1	Capital A/c		50,000	Jan. 2	Bank A/c		40,000
Jan. 28	Ranjeet		9,900	Jan. 12	Freight A/c		200
				Jan. 31	Salary A/c		3,000
				Jan.31	Rent A/c		2,400
			59,900				45,600

Bank A/c

Dr. Cr

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2014				2014			
Jan.2	Cash A/c		40,000	Jan. 8	Furniture A/c		12,000
Jan.14	Sales A/c		16,000	Jan. 10	Purchases A/c		20,000
				Jan.20	Vikas		12,000
				Jan.31	Drawings		4,000
			56,000				48,000

Furniture A/c

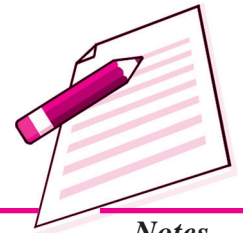
Dr. Cr

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2014				2014			
Jan. 8	Bank A/c		12,000				
			12,000				

Trial Balance

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Capital A/c

Dr. Cr

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
				2014			
				Jan. 1	Cash A/c		50,000
							50,000

Purchases A/c

Dr. Cr

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2014							
Jan. 10	Bank A/c		20,000				
Jan. 12	Vikas		15,000				
			35,000				

Sales A/c

Dr. Cr

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
				2014			
				Jan. 14	Bank A/c		16,000
				Jan. 20	Ranjeet		14,000
							30,000

Vikas A/c

Dr. Cr

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2014				2014			
Jan. 20	Bank A/c		12,000	Jan. 12	Purchases A/c		15,000
			12,000				15,000

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Trial Balance

Ranjeet A/c

Dr.				Cr.			
Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2014 Jan. 20	Sales A/c		14,000	2014 Jan. 25	Cash A/c		9,900
				Jan. 28	Discount A/c		100
			14,000				10,000

Freight A/c

Dr.				Cr.			
Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2014 Jan. 12	Cash A/c		200	2014			
			200				

Salary A/c

Dr.				Cr.			
Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2014 Jan. 31	Cash A/c		3,000				
			3,000				

Rent A/c

Dr.				Cr.			
Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2014 Jan. 31	Cash A/c		2,400				
			2,400				

Drawings A/c

Dr.				Cr.			
Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2014 Jan. 31	Bank A/c		4,000	2014			
			4,000				

Trial Balance

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Discount A/c

Dr.

Cr

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2014							
Jan. 28	Ranjeet		100				
			100				



Notes

Solution.

i. (Total Method) Trial Balance of Rohan Brothers as on 31st January, 2014

Name of the Ledger Account	Dr. Balance (₹)	Cr. Balance (₹)
Cash	59,900	45,600
Bank	56,000	48,000
Furniture	12,000	—
Capital	—	50,000
Purchases	35,000	—
Sales		30,000
Vikas	12,000	15,000
Ranjeet	14,000	10,000
Freight	200	—
Salary	3,000	
Rent	2,400	
Drawings	4,000	
Discount	100	
	1,98,600	1,98,600



Notes

**ii. (Combine Method) Trial Balance of Rohan Brothers
as on 31st January, 2014**

<i>Name of the Ledger Account</i>	<i>Dr.</i>		<i>Cr.</i>	
	<i>Total (₹)</i>	<i>Amounts (₹)</i>	<i>Balance (₹)</i>	<i>Amounts (₹)</i>
Cash	59,900	45,600	14,300	–
Bank	56,000	48,000	8,000	–
Furniture	12,000	–	12,000	–
Capital	–	50,000	–	50,000
Purchases	35,000	–	35,000	–
Sales		30,000	–	30,000
Vikas	12,000	15,000	–	3,000
Ranjeet	14,000	10,000	4,000	–
Freight	200	–	200	–
Salary	3,000	–	3,000	–
Rent	2,400	–	2,400	–
Drawings	4,000	–	4,000	–
Discount	100	–	100	–
	1,98,600	1,98,600	83,000	83,000



INTEXT QUESTIONS 9.2

Fill in the blanks with suitable word/words :

- (i) Trial Balance has columns.
- (ii) There are methods of preparing Trial Balance.
- (iii) In practice, method of preparing Trial Balance is used.
- (iv) The last step of preparing trial balance is to ascertain the of its two amount columns.

9.3 TRIAL BALANCE AND ERRORS

You have learnt that if the sum of the two columns of Trial Balance is equal i.e. the Trial Balance is in agreement, it can be assumed that the accounting entries have been arithmetically correct and correctly posted in the ledger. If the totals do not tally it means there are some errors in recording and/or in posting in the ledger of the business transactions.

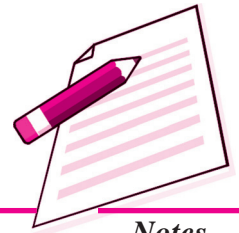
The reasons due to which the totals of the two columns of Trial balance may not agree can be listed as follows :

- (i) The totals of the Special Purpose Books like Sales Book, Purchases Book, etc are not done correctly or there is some mistake in the posting of these totals in their respective accounts in the ledger.
- (ii) The items from different Special Purpose Books and Journal may be posted to the wrong side of the account or a wrong amount is posted or posted to the wrong account.
- (iii) The balancing of an account is not done correctly.
- (iv) There may be mistake in carrying balance from the ledger account to the Trial Balance.

You may conclude that if the trial balance is in agreement, the business transactions have been correctly recorded or posted into ledger. However, the agreement of Trial Balance is not a conclusive proof of the correctness of recording and posting of business transactions. There can be errors and the sum of each column of the Trial Balance may still be equal. As you have learnt that business transactions are so recorded that all debits have the credits for the same amount and vice-a-versa. So the Trial Balance must necessarily agree. But if the debits are matched by credits though there are mistakes in recording and posting the Trial balance will still agree. For example, if goods have been purchased from Surender, and if not entered in the Purchases Book, this error will not affect the agreement of the Trial Balance.

Trial Balance and Suspense A/c

Now suppose the Trial Balance does not agree i.e. there is a difference of some amount in the totals of the two columns of the Trial Balance. What will you do with this difference? A different account i.e Suspense Account is opened with the difference in amount put in this account. This will result in agreement of Trial Balance. The suspense account with the amount of difference will be put on the shorter side of the Trial Balance. For example total of the debit column exceeds the total of the credit column by Rs.500. This amount of Rs 500 will be written on the credit column against Suspense Account to make the Trial Balance agree.

*Notes*

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Trial Balance and Computers



Notes

Trial Balance

The suspense A/c is however a temporary arrangement to make the Trial Balance agree. This account will show balance till the error or errors are rectified, this account will disappear as soon as all the errors are rectified.

Illustration 3

From the following Cash Book and Accounts prepare the Trial Balance as on 31st January 2014.

Cash Book

Dr.				Cr.			
Date	Particulars	L.F.	Amount ₹	Date	Particulars	L.F.	Amount ₹
2014				2014			
Jan. 1	Capital A/c		75,000	Jan. 10	Furniture A/c		15,000
Jan. 10	Sales A/c		25,000	Jan. 15	Purchases A/c		25,000
				Jan. 31	Rent A/c		2,000
				Jan. 31	Telephone expenses A/c		1,000
					Balance cld		57,000
			1,00,000				1,00,000

Ledger

Capital A/c

Dr.				Cr.			
Date	Particulars	L.F.	Amount ₹	Date	Particulars	L.F.	Amount ₹
2014				2014			
Jan. 31	Balance cld		75,000	Jan. 1	Amount as per Cash Book		75,000
			75,000				75,000
				Feb. 1	Balance b/d		75,000

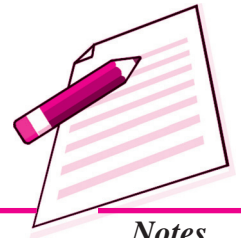
Sales A/c

Dr.				Cr.			
Date	Particulars	L.F.	Amount ₹	Date	Particulars	L.F.	Amount ₹
2014				2014			
Jan. 31	Trading A/c		25,000	Jan. 10	Amount as per Cash Book		25,000
			25,000				25,000

Trial Balance

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Trial Balance and Computers



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Purchases A/c

Dr.

Cr

Date	Particulars	L.F.	Amount ₹	Date	Particulars	L.F.	Amount ₹
2014				2014			
Jan. 15	Amount as per Cash Book		25,000	Jan. 31	Trading A/c		25,000
			25,000				25,000

Furniture A/c

Dr.

Cr

Date	Particulars	L.F.	Amount ₹	Date	Particulars	L.F.	Amount ₹
2014				2014			
Jan. 10	Amount as per Cash Book		15,000	Jan. 31	Balance cld		15,000
			15,000				15,000

Rent A/c

Dr.

Cr

Date	Particulars	L.F.	Amount ₹	Date	Particulars	L.F.	Amount ₹
2014				2014			
Jan. 31	Amount as per Cash Book		200	Jan. 31	Profit and Loss A/c		200
			200				200

Telephone charges A/c

Dr.

Cr

Date	Particulars	L.F.	Amount ₹	Date	Particulars	L.F.	Amount ₹
2014				2014			
Jan. 31	Amount as per Cash Book		1,000	Jan. 31	Profit and Loss A/c		1,000
			1,000				1,000

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Trial Balance and Computers



Notes

Trial Balance

Solution

Trial Balance As on 31st Jan. 2014

Name of the Account	Dr. Balances (₹)	Cr. Balances (₹)
Capital		75,000
Sales		25,000
Purchases	25,000	
Furniture	15,000	
Commission		
Rent	200	
Telephone charges	1,000	
Cash in hand	57,000	
Suspense	1,800	
	1,00,000	1,00,000

In the above example we see that the totals of the two columns of the Trial Balance do not tally. Credit side is more than that of debit side by ₹1800. It is to make the two columns of the trial balance equal, suspense A/c is written in the column against it is written the amount of ₹1800 in the debit column. As soon as error/errors are detected and rectified, this suspense A/c will show no balance.

Illustration 4

From the following balances extracted from the books of a trader, prepare Trial Balance as on 31st March, 2014.

	₹
Cash in hand	4,200
Cash at Bank	16,800
Bills Receivable	18,000
Bills payable	16,000
Sundry debtors	24,600
Sundry creditors	32,400
Capital	50,000

Trial Balance

Drawings	18,000
Sales	1,05,000
Purchases	75,000
Carriage Inward	2,700
Salaries	12,000
Advertisement	2,400
Insurance	1,600
Furniture	7,500
Stock	18,600
Office Rent	2,000

Solution :

Trial Balance

<i>Name of the Account</i>	<i>Dr. Balances (₹)</i>	<i>Cr. Balances (₹)</i>
Cash	4,200	
Bank	16,800	
Bills Receivable	18,000	
Bills payable		16,000
Sundry Debtors	24,600	
Sundry creditors		32,400
Capital		50,000
Drawings	18,000	
Sales		1,05,000
Purchases	75,000	
Carriage Inward	2,700	
Salaries	12,000	
Advertisement	2,400	
Insurance	1,600	
Furniture	7,500	
Rent	2,000	
Stock	18,600	
Total	2,03,400	2,03,400

MODULE - 2

Trial Balance and Computers



Notes



Notes

**INTEXT QUESTIONS 9.3**

Answer the following in one or two words :

- (i) If the totals of two amount columns of trial balance do not agree, in which account the difference amount is written?
- (ii) If the total of the debit column of a trial balance is more than the total of its credit column in which of the two amount of columns of the trial balance will you write the difference in amount?
- (iii) If the total of the Purchases Book is posted to Purchases Account wrongly, will the trial balance still agree?
- (iv) When the accounting error or errors are rectified what happens to the suspense A/c?

**WHAT YOU HAVE LEARNT**

- Trial balance is a statement containing balances of all ledger accounts of a business concern on a particular date.
- Trial Balance is prepared to check the arithmetical accuracy of the ledger posting, it helps in preparing financial statements; it helps in locating accounting errors; helps in management as it enables comparison of account balances of different periods and helps in making adjustments while preparing financial statements.
- The totals of two columns of a trial balance should be equal because for each transaction there is debit and credit for the same amount.
- If the totals of two columns of trial Balance tally it means the ledger posting has been correctly done.
- If the totals of two columns of Trial Balance do not agree, it means there is some mistake in the ledger posting.
- If the totals of two columns of Trial Balance do not agree the amount of difference is put to suspense A/c and the totals of Trial Balance are equated.

**TERMINAL EXERCISE**

1. State the meaning of Trial Balance.
2. Explain in brief the objective of preparing Trial Balance.

Trial Balance

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Trial Balance and Computers



Notes

- Why do the totals of two sides of Trial Balance are equal ? Explain.
- 'Agreement of Trial Balance is not the conclusive proof of the accuracy of accounts'. Comment.
- What is Suspense A/c ? What is its role in preparing Trial Balance ?
- Explain the steps that are taken to prepare a Trial Balance.
- List the various reasons because of which the totals of two columns of Trial Balance do not tally.
- Prepare Trial Balance of M/s Multiplying enterprise as on 31st December, 2014.

<i>Accounts</i>	<i>Balances</i> (₹)	<i>Accounts</i>	<i>Balances</i> (₹)
Cash in hand	2,500	Debtors	18,200
Cash at Bank	14,500	Creditors	16,600
Capital	70,000	Opening stock	8,700
Drawing	9,000	Wages	6,700
Purchases	60,000	Rent	5,000
Sales	82,000	Salary	8,400
Machine	35,000	Bills Payable	11,400
Furniture	12,000		

- Prepare Trial Balance as on 31st March, 2014 from the following balances of Sabana :

<i>Accounts</i>	<i>Dr.</i> <i>Balances</i> (₹)	<i>Cr.</i> <i>Balances</i> (₹)
Cash in hand	3,100	
Bank overdraft		18,250
Opening stock	24,600	
Purchases	59,800	
Sales		72,350
Sabana's Capital		50,000
Drawings	12,000	
Carriage Inward	1,600	
Rent	2,400	
Commission		2,100

MODULE - 2

Trial Balance and Computers



Notes

Trial Balance		
Interest	780	
Furniture	5,220	
Creditors		13,600
Debtors	27,800	
Building	20,000	1,000
Suspense	1,57,300	1,57,300



ANSWERS TO INTEXT QUESTIONS

- 9.1** (i) debit, credit (ii) ledger posting (iii) arithmetical
(iv) accounting errors (v) financial statements
- 9.2** (i) Three (ii) Three (iii) balance (iv) sum
- 9.3** (i) Suspense A/c (ii) Credit side (iii) No (iv) Suspense A/c disappears



ANSWERS TO TERMINAL QUESTIONS

8. Total of two columns are ₹ 180000 each
9. Total of Dr column ₹ 157300
Total of Cr column ₹ 156300
Suspense A/c Cr ₹ 1000



ACTIVITY

Talk to your friends who are working as accounts clerk in various firms, and seek answers of the following questions :

1. Do they prepare trial balance?
2. How many times they prepare it in a year and at what intervals?
3. Which method they use total method or balance method?
4. What do they do if Trial Balance does not agree?
5. How many of them prepare the financial statements without preparing Trial balance?

On the basis of the answers prepare a report.