

# Trial Balance

After posting all the Entries in the ledger, a statement is prepared to show separately the debit and credit balances. Such a statement is known as Trial balance. The totals of the debit side must be equal to the credit side . Trial Balance is prepared to check the arithmetic accuracy of accounts. Trial Balance is prepared at the end of the accounting year to ensure the arithmetic accuracy of all the accounts before the preparation of the financial Accounts. Trial Balance is a statement and not an account. Trial Balance is always prepared on a particular date.

Methods of Preparation of Trial Balance :

Gross Trial Balance :

In this method, ledger accounts are totaled and the total of both the debit and credit sides are shown in the Trial balance. This method is not commonly used as it cannot help in the preparation of the final accounts. All the Ledger Accounts are shown in the Trial Balance.

Net Trial Balance Method :

Under this method, every ledger account is balanced and only the balances are shown in the trial balance. This method is used commonly as it helps in the preparation of the final accounts. Only the Ledger Accounts with balances are recorded in the Trial Balance.

Adjusted Trial Balance :

If the trial balance does not agree then the trial balance is tallied by transferring the difference to a suspense account. Suspense A/c is a Personal A/c.

Rules of Preparing the Trial Balance :

1. The balances of Assets , Expenses , Losses , Drawings , Cash and Bank balances , Purchases , Sales Returns should be shown on the Debit side of Trial Balance .
2. The Balances of Capital , Money Payable , Sales , Purchase Returns , Incomes , Gains should be shown on the Credit side of Trial Balance.

