



REVISION NOTES ON TRIAL BALANCE

Remember the following salient points on Trial Balance:-

What is a Trial Balance which is:

- a list of debit and credit balances extracted from the accounts in the ledger at a particular date

Understand the **Purpose** of a Trial Balance which is:

- The Trial Balance is prepared for the purpose of checking the arithmetical accuracy of the entries made in the ledger.
- The Trial Balance enable the counter check of the equality of debits and credits after posting ie.

Sum of debits account balance = Sum of the credit accounts balance in the Trial Balance and if not equal, errors in journalizing and posting.

Steps involve:

- List the account titles and their balances
- Total the debit and credit columns
- Prove the equality of the two columns

Note that a Trial Balance follows the **Double Entry or Dual Aspect Concept**:

- The total debit balances will be equal to the total credit balances in the Trial Balance if the double-entry principles of recording have been strictly adhered to.

Other salient points:

- An account has a debit balance when its debit total exceeds its credit total
- An account has a credit balance when its credit total exceeds its debit total
- Assets, expenses and drawings accounts have debit balances
- Liability, capital and revenue accounts have credit balances.
- Purchases, Sales Returns have debit balances
- Sales, Purchases Returns have credit balances
- Personal accounts record transactions with persons who have dealing with the business for example debtors and creditors accounts



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- **Errors that affect the agreement of the trial balance totals** are wrong calculation of balances, omission of either a debit or credit entry of a transaction, entry on the wrong side of an account and errors in amount.
- **Errors that do not affect the agreement of the trial balance totals** are complete omission of entries of a transaction errors of commission, errors in principle, compensating errors, complete reversal of entries and errors in original entry.