

Trial balance

A Trial Balance is a list of the **Balance B/D** of every Ledger account. This is done to check that:

- a) every debit entry in the ledger has an equal credit entry
- b) the ledger accounts have been balanced off correctly

How to draw up a Trial Balance

The Trial Balance consists of two columns – one for the DEBIT balances b/d and one for the CREDIT balances b/d. If a ledger account has a Debit balance b/d, then copy it's balance in to the Debit column of the Trial Balance (the same for Credit balances b/d – copy into the Credit column of the Trial Balance).

Example: Trial Balance as at 31 December 20X9

	<u>Debit</u>	<u>Credit</u>
	\$	\$
Bank	1 100	
Wages	1 000	
Cash	8 000	
Capital		40 000
Drawings		
Purchases	15 000	
Sales		7 000
Vehicles	60 000	
Debtors	21 900	
Creditors		60 000
	107 000	107 000

The debit and credit columns of the trial balance must add up to the **SAME TOTAL**, otherwise a mistake needs to be found in the ledger.

Notice:

DAX accounts will always have a **DEBIT** Balance b/d

LIC accounts will always have a **CREDIT** Balance b/d

D – Debtors **A** – Assets **X** – Expenses

L – Liabilities **I** – Income **C** – Capital