

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:

	<u>Debit</u>	<u>Credit</u>
Bank	10 000	
Wages	2 000	
Cash	8 000	
Capital		40 000
Drawings		
Purchases	15 000	
Sales		30 000
Vehicles	60 000	
Debtors	12 000	
Creditors		37 000
	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