

Subject : Business studies
Topic : Trial Balance
Class : JSS 3 A&B
Week : Week 6

Learning Objectives :

1. Define Trial Balance
2. Mention the uses, functions of Trial Balance
3. Arrangement of Cash book
4. Extracting to ledger and Trial Balance

Trial Balance : A trial balance is a list of balances extracted from ledger. It consists of individual debit and credit balances from various ledger accounts.

The proof of equality of debits and credits in the ledger is called a trial balance.

Uses/Functions of Trial Balance

1. It is used to check the arithmetic accuracy of the ledger
2. It is used as a statement that shows individual credit and debit balances obtained from the ledger account with the sum of each set of balances.
3. It helps in identifying computation errors in recording business transactions.
4. It encourages compliance and adherence to double-entry book keeping rules.
5. It acts as a trainee manual for the bookkeeper.
6. Shows the summarized balance in the general ledger or book of account.
7. It is helpful in determining the profit or losses of a business.

Exercise 1.

The following are transactions of the business of O. Amaechi for the month February:

	#	k
Feb. 1 started business with cash	200,000.00	
Feb. 4 Cash purchases.	48,000.00	
7. Cash sales.		87,000.00
11. paid for stationery		750.00
16. Loanard T. Bwala.	70,000.00	
18. P. Uwais cash paid into account	35,000.00	
20. Paid for repairs		1200.00
21. Cash sales		73,500.00
22. Purchased goods with cash	82,000.00	
24. T. Bwala repaid part of loan cash	30,000.00	
26. Cash sales to date		65,000.00
28. Paid rent in cash		40,000.00
28. Paid wages in cash		10,000.00

Write up the cash book, open the necessary ledger accounts, balance these as at Feb 28 and extract a trial balance.

Solutions

O. AMAECHI SINGLE COLUMN CASH BOOK FOR THE MONTH OF FEB.

WAGES ACCOUNT		x		
Feb 23 cash 10,000	bal c/d 10,000.00			
bal b/f 10,000.00				
Trial Balance of D. Amarechi				
Particulars	debit		credit	
	Rs	P	Rs	P
Capital			250,000.00	
Sales			225,500.00	
Purchase			35,000.00	
T. Bwari	40,000.00			
Purchases	130,000.00			
Stationery	750.00			
Repairs	1,200.00			
Rent	40,000.00			
Wages	10,000.00			
cash b/f	238,500			
	460,000		460,500	

Remove the debit from the credit
 you will get the cash at hand or b/f the sum
 with the total debit you will arrive at
 the figure with the credit.

Date	Particular	Folio	# k	Date	Particular	Folio	# k
Feb.1	Capital cash		200,000.00	Feb.4	Purchases		48,000.00
Feb. 7	Sales		87,000.00	Feb. 11	Stationery		750.00
Feb. 18	P. Uwais		35,000.00	Feb. 16	T. Bwala		70,000.00
Feb. 21	Sales		73,500.00	Feb. 20	Repairs		1,200.00
Feb. 24	T.Bwala		30,000.00	Feb. 22	Purchase		82,000.00
Feb. 26	Sales		65,000.00	Feb. 28	Paid rent		40,000.00
				Feb. 28	Paid wages		10,000.00
					Balance c/d		238,550.00
	Bal b/ f		490,500.00				490,500.00