**Illustration**

Use the **balances brought down** from each of the previous ledger accounts balanced off to ensure that the trial balance balances.

|  |  |  |  |
| --- | --- | --- | --- |
| **Ledger account** | | **DEBIT** | **CREDIT** |
| Bank | ASSET | £19,500 |  |
| Capital | CAPITAL |  | £15,000 |
| Rent | EXPENSE | £500 |  |
| Purchases | EXPENSE | £1,200 |  |
| Trade payables | LIABILITY |  | £1,200 |
| Sales | INCOME |  | £8,000 |
| Trade receivables | ASSET | £3,000 |  |
| **TOTAL** | | **£24,200** | **£24,200** |

**TOTAL OF DEBIT AND CREDIT BALANCES SHOULD BE EQUAL**

A trial balance can also be prepared by classifying each ledger account as an asset, liability, capital, income or expense.