

Little Flower Matriculation Higher Secondary School
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11 – Accountancy
Unit – 5 Trial Balance

I. Choose the Correct Answers

1. Trial balance is a
(a) **Statement** (b) Account (c) Ledger (d) Journal
2. After the preparation of ledger, the next step is the preparation of
(a) Trading account (b) **Trial balance** (c) Journal (d) Profit and loss account
3. The trial balance contains the balances of
(a) Only personal accounts (b) Only real accounts
(c) Only nominal accounts (d) **All accounts**
4. Which of the following is/are the objective(s) of preparing trial balance?
(a) Serving as the summary of all the ledger accounts
(b) Helping in the preparation of final accounts
(c) Examining arithmetical accuracy of accounts
(d) **a, b and c**
5. While preparing the trial balance, the accountant finds that the total of the credit column is short by ₹ 200. This difference will be
(a) Debited to suspense account (b) **Credited to suspense account**
(c) Adjusted to any of the debit balance
(d) Adjusted to any of the credit balance
6. A list which contains balances of accounts to know whether the debit and credit balances are matched is
(a) Journal (b) Day book (c) **Trial balance** (d) Balance sheet

7. Which of the following method(s) can be used for preparing trial balance?
(a) Balance method (b) Total method
(c) Total and Balance method **(d) a, b and c**
8. The account which has a debit balance and is shown in the debit column of the trial balance is
(a) Sundry creditors account (b) Bills payable account
(c) Drawings account (d) Capital account
9. The difference of totals of both debit and credit side of trial balance is transferred to:
(a) Trading account (b) Difference account
(c) Suspense account (d) Miscellaneous account
10. Trial balance is prepared:
(a) At the end of the year **(b) On a particular date**
(c) For a year (d) None of the above

II. Very short answer

1. What is trial balance?

- (i) Trial balance is a statement containing the debit and credit balances of all ledger accounts on a particular date.
- (ii) It is arranged in the form of debit and credit columns placed side by side.
- (iii) Trial balance prepared with the object of checking the arithmetical accuracy of entries made in the books of accounts and to facilitate preparation of financial statements.

2. Give the format of trial balance.

Trial balance of _____ as on _____

S.No.	Particulars	L.F.	Debit ₹	Credit ₹

3. What are the methods of preparation of trial balance?

❖ A trial balance can be prepared in the following methods:

- (i) Balance method
- (ii) Total method
- (iii) Total and Balance method

4. State whether the balance of the following accounts should be placed in the debit or the credit column of the trial balance:

(i) Carriage outwards (ii) Carriage inwards (iii) Sales (iv) Purchases (v) Bad debts (vi) Interest paid (vii) Interest received (viii) Discount received (ix) Capital (x) Drawings (xi) Sales returns (xii) Purchase returns

(i)	Carriage outwards	-	Debit column
(ii)	Carriage inwards	-	Debit column
(iii)	Sales	-	Credit column
(iv)	Purchases	-	Debit column
(v)	Bad debts	-	Debit column
(vi)	Interest paid	-	Debit column
(vii)	Interest received	-	Credit column
(viii)	Discount received	-	Credit column
(ix)	Capital	-	Credit column
(x)	Drawings	-	Debit column
(xi)	Sales returns	-	Debit column
(xii)	Purchase returns	-	Credit column

III. Short answer

1. What are the objectives of preparing trial balance?

(i) Test of arithmetical accuracy

⇒ Trial balance is the means by which the arithmetical accuracy of the book-keeping work is checked.

(ii) Basis for preparing financial accounts

⇒ Financial statements, namely, trading and profit and loss account and balance sheet are prepared on the basis of summary of ledger balances obtained from the trial balance.

(iii) Location of errors

⇒ When the trial balance does not tally, it is an indication that certain errors have occurred.

⇒ The errors should be located and rectified before preparing the financial statements.

(iv) Summarised information of ledger accounts

⇒ The summary of ledger accounts is shown in the trial balance.

⇒ Ledger accounts have to be seen only when details are required in respect of an account.

2. What are the limitations of trial balance?

- (i) It is possible to prepare trial balance of an organisation, only if the double entry system is followed.
- (ii) Even if some transactions are omitted, the trial balance will tally.
- (iii) Trial balance may tally even though errors are committed in the books of account.
- (iv) If trial balance is not prepared in a systematic way, the final accounts prepared on the basis of trial balance may not depict the actual state of affairs of the concern.

3. 'A trial balance is only a prima facie evidence of the arithmetical accuracy of records'. Do you agree with this statement? Give reasons.

- (i) Yes, I agree with this statement.
- (ii) Trial Balance is not a complete proof of arithmetical accuracy of account.
- (iii) A Trial Balance in which the credit and debit accounts match does not prove that, all transactions have been recorded in the proper accounts.
- (iv) For example, the wages paid for the installation of machinery had been erroneously recorded by debiting the wages account in the place of machinery account, the Trial Balance would still agree.
- (v) Similarly, an agreed Trial Balance does not prove that all transactions have been recorded in the books of original entry.

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