

Trial Balance: It is a list of debit and credit balances of all ledger accounts.
(Including cash and bank account)

Rules to be followed:

- All assets — Debit
- All liabilities – Credit
- All expenses – Debit
- Due Expenses/ Payable – Credit
- Advanced Paid Expenses – Debit
- All revenues – Credit
- Due/ Accrued Revenue – Debit
- Advanced/ Unearned – Credit
- Capital – Credit
- Interest on Capital – Debit
- Drawings/ Insurance / Life Insu. – Debit
- Interest on drawing – Credit
- Loan / Bank Loan / Mortgage / Bond / Diventure – Credit
- Interest on loan – Cebit
- Due interest on load – Credit
- Investments/ Saving's Paper/ Security / commercial Paper- Debit
- Interest on Investment – Credit
- Accrued/ Due Interest on investment – credit
- Debtors, Account's Payable, Sales Ledger, Account Balance, Book Debt – Debit
- All reserves/ Provision/ fund (Notes Payable, Credit Bills and Discount reserve on creditor excluded)

The following items are not included in trial balance:

- Opening Cash/ Cash in hand (1.1.20XX)
- Opening Bank Balance
- Opening Bank overdraft
- Opening Debtors and Creditors.
- Opening Bills Payable/ Receivables (same of Notes)
- Contingent (Probable) Liabilities
- Closing stocks

- Total amount of drawings
- Direct expenses and costs.
- Adjusted Purchase and revenue income
- Revenue expenditure and capital receipt
- Capital Expenditure
- Deferred Revenue Expenditure
- Current or short form assets.
- Current or short term liabilities.
- Long Term Liabilities.
- Fixed Assets.
- Other Incomes/ Non operating Income.
- Other Expenses.

Amount of drawings:

1. Income Tax
2. Life insurance Premium
3. Cash Drawing
4. Goods Drawing
5. Personal expenses of owner.

Direct Expense:

1. Carriage, Freight and transportation.
2. Wages / Labour
3. Duty / Import Duty
4. Municipal Tax
5. Royalty

Direct Cost:

Opening Stock + Net Purchase + Direct Expenses - closing stocks

Adjusted Purchase: Opening Stock + Net Purchase - closing stocks

Revenue Income:

1. Sales
2. Apprenticeship Prem
3. Sublet Rent
4. Interest on investment
5. Interest on drawing and Loan Allowed
6. Bank interest
7. Divident allowed
8. Commision Received
9. Discount Received
10. Share Transfer Fee

* Revenue Expenditure:

- (1) Opening Stock.
- (2) Purchase
- (3) Purchase return/Purchase discount (-)
- (4) Wages
- (5) Carriage
- (6) Duty
- (7) Salary
- (8) Rent
- (9) Advertisement
- (10) Insurance premium
- (11) Stationery
- (12) Office expenses
- (13) Bad debt
- (14) Depreciation
- (15) Interest on Loan
- (16) Interest on Capital
- (17) " " Bank overdraft
- (18) Sundry loss
- (19) Apprenticeship allowance
- (20) Discount Allowed
- (21) Commission Paid
- (22) Written off
- (23) Closing Stock (-)

*Capital Receipt/ Long term receipt :

- (1) Capital
- (2) Additional Capital
- (3) Loan (4) Bank Loan (5) Mortgage Lo
- (6) Bond (7) Debenture (8) Fixed asset

*Capital Expenditure:

- (1) Goodwill (2) Patent (3) Trade mark
- (4) Copyright (5) Lease ~~hold~~^{hold} property
- (6) Machinery (7) Furniture (8) Office Eq
- (9) Land/Building (10) Motor Car/Vehicle
- (11) Delivery van. (12) Loose tools

*Deferred Revenue Expenditure:

- (1) Deferred Advertisement
- (2) Research cost of new product
- (3) Business transfer cost
- (4) Preliminary expenses.
- (5) Underwriters commission.
- (6) Discount on Share/Debenture