

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} ~~whole~~ Property

(6) Machinery (7) furniture (8) Office Eq

(9) Land/B 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) Under writers commission.

(6) Discount on share/Debenture